

**SCHOOL DISTRICT
OF
STOW CREEK TOWNSHIP**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Stow Creek Township Board of Education

Cumberland, New Jersey

For the Fiscal Year Ended June 30, 2012

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Prepared by

Stow Creek Township Board of Education

Finance Department

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
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FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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INTRODUCTORY SECTION

Stow Creek Township School District

11 GUM TREE CORNER ROAD
SCHOOL OFFICE TEL (856) 455-1717
BUSINESS OFFICE TEL (856) 299-4240

BRIDGETON, NJ 08302-8951
FAX (856) 455-0833
FAX (856) 299-8182

Rodney Cruzan
Board President

John Klug
Chief School Administrator

Gary R. Moore
Board Secretary/
School Business Administrator

September 27, 2012

Honorable President and
Members of the Board of Education
Stow Creek Township School District
Cumberland County, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Stow Creek Township School District for the fiscal year ended June 30, 2012 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly, the financial position and results of operations of the various funds of the District. All disclosures that we feel are necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and the New Jersey State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Awards, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

Stow Creek Township School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the district is organized on a basis of governmental, business-type and fiduciary funds, which are all included in this report. The Stow Creek Township Board of Education and its one school constitute the District's reporting entity.

Stow Creek Township School District provides a full range of educational services appropriate for grade levels Pre-K through Eighth grade. These include regular education, as well as special education for handicapped students. Our students in grades 9-12 are sent to Cumberland Regional High. The Stow Creek Township School District completed the 2011-2012 fiscal year with an enrollment of 117 students, which was 16 less students than in the prior year. The following changes in the student enrollment of the District over the last ten years show a leveling off for the later years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2011-12	117	(12)%
2010-11	133	(1)%
2009-10	134	(2)%
2008-09	137	(1)%
2007-08	138	(2)%
2006-07	141	(1)%
2005-06	143	5 %
2004-05	136	(3)%
2003-04	140	(1)%
2002-03	142	(5)%

2. ECONOMIC CONDITION AND OUTLOOK:

Stow Creek Township continues to experience limited growth, as depicted in the enrollment statistics. Approximately three-quarters of the total area of the Township is considered prime farmland, which has been a significant factor in terms of Stow Creek's planned development, encouraging the retention of prime farmland for agricultural use.

Future development in Stow Creek is governed by natural or environmental factors, in addition to agricultural suitability of soils. The Township has no central sewer system and therefore, soil suitability for on-site waste disposal systems is crucial in terms of development potential. In addition, the recent upgrading of requirements by the New Jersey Department of Health, regarding on-site systems, mandates that areas with only slight limitations will be further restricted in density. Wetland regulations also impact on development potential. Several landowners have sold properties to NJ Fish and Wildlife Management and the State has also established a state park in the Township.

3. MAJOR INITIATIVES:

Stow Creek School District is continuing to use the economies of scale generated by its alliance with Greenwich Township in the Greenwich-Stow Creek Partnership Schools to enhance the quality of instruction and the educational opportunities available to the children of both districts while reducing cost.

Stow Creek Township is continuing its major technology initiatives this year. Teachers are being given extensive professional development in the use of Smart Boards. To ensure their effective use and to do so in a cost effective, efficient manner the district is collaborating with the Educational Technology Training Center at Richard Stockton College. They are providing a technology infusion specialist to train our current technology teacher to work with our staff as an in-house technology infusion specialist. We have also opened this intensive hands-on training- the trainer to neighboring school districts to reduce the cost.

Stow Creek is also expanding the integrated, global computerized information system installed last year. In addition to a complete Student Information System, Discipline system on line, and Teacher lesson plans online, this year we are using teacher web-sites, a student statistics tool that will allow our teachers to drill down on the specific skills that our students need to improve their understanding of the subject area and a curriculum building tool to expedite our transition with the rest of New Jersey to the Common Core.

Changing our curriculum to the Common Core for Math and Language Arts is on schedule with the state-determined timelines.

We are participating in the RTTT-3 Grant program and are coordinating the transition to newly-mandated staff evaluation procedures with the six neighboring districts which make up the constituency of the local regional high school. This is allowing us to reap considerable economies of scale in the required staff training.

Stow Creek, on behalf of the partnership, has entered into new collaborative relationships with surrounding districts and businesses. We now share a World Languages teacher one period a day and a Music teacher halftime with Hopewell Crest; we share a Guidance Counselor two days per week with the regional high school, as well as our numerous shared services with Greenwich in the partnership. This year, by negotiating as one larger entity and sharing those services and costs with Greenwich, Stow Creek has negotiated better contract terms with our Student Information System provider, our outsourced IT provided and our automated telephone contact system provider.

In conclusion, the School District has committed itself to educational excellence and continued parsimony. The new collaborations are allowing Stow Creek to provide better and new educational services to our children and keep costs in check. Stow Creek is taking the steps necessary to keep up with today's changing economic and regulatory conditions and still provide a world-class education for the children of Stow Creek Township.

4. INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss,

theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal awards and state financial assistance, the District is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are being made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5. BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund and, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2012.

6. ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements," Note 1.

7. FINANCIAL INFORMATION AT FISCAL YEAR END:

As demonstrated by the various statements and schedules included in the financial statements section of the report, the District continues to meet its responsibility for sound financial management.

8. DEBT ADMINISTRATION:

As of June 30, 2012, the District does not have any debt.

9. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 2. The District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

10. RISK MANAGEMENT:

The Board carries various forms of insurance, including but not limited to general liability, automobile liability, and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

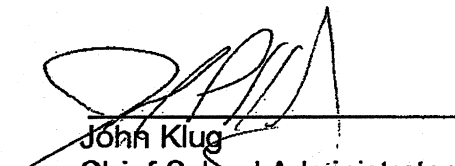
11. OTHER INFORMATION:

- A. Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nightlinger, Colavita and Volpa, P. A., was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

12. ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Stow Creek Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

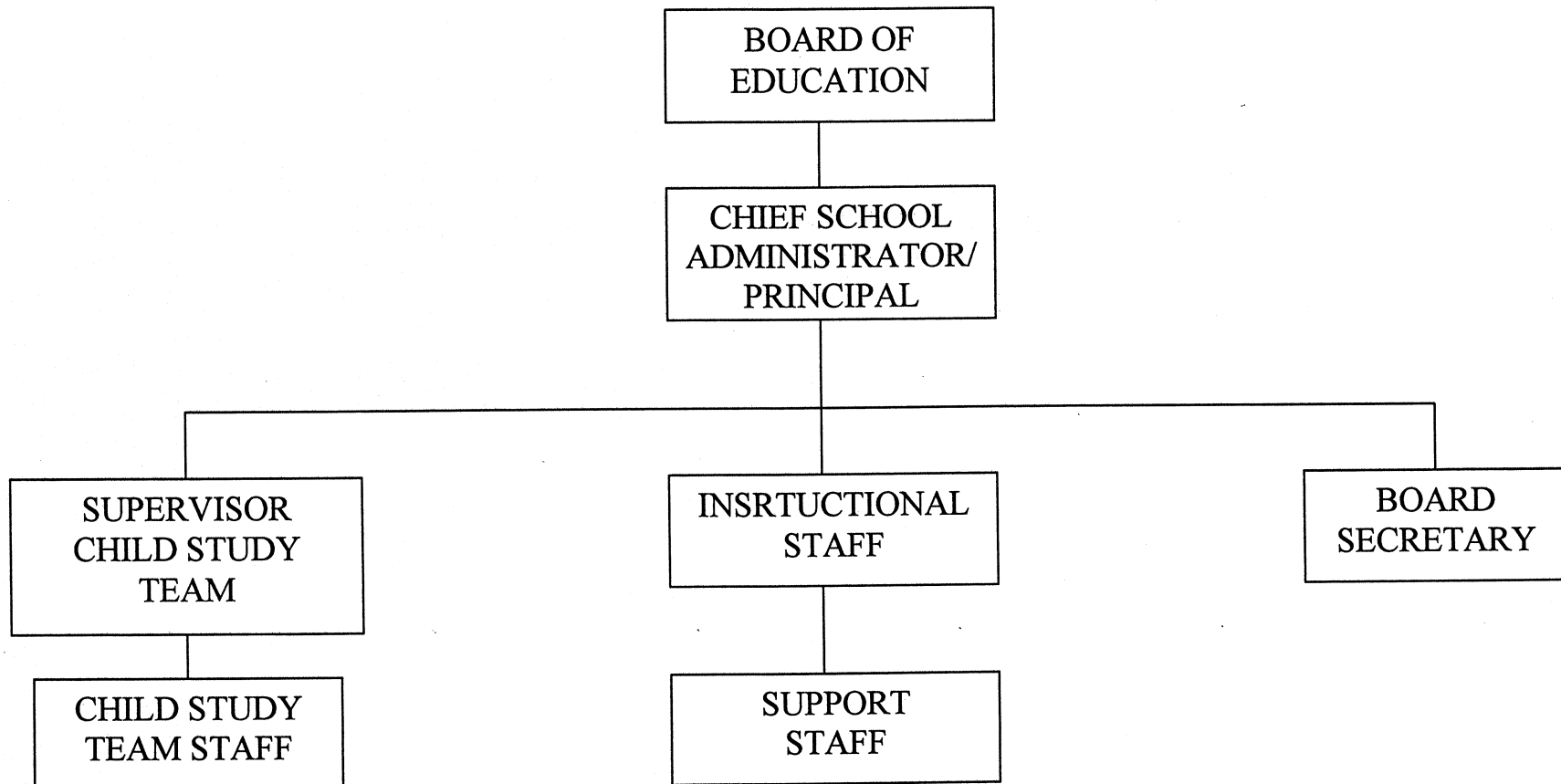
Respectfully submitted,


John Klug
Chief School Administrator


Gary R. Moore
Board Secretary / Business Administrator

STOW CREEK TOWNSHIP SCHOOL DISTRICT

ORGANIZATIONAL CHART (UNIT CONTROL)



STOW CREEK TOWNSHIP BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2012

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Rodney Cruzan, President	2012
Scott Bonham, Vice President	2013
Benjamin Cruzan	2013
Darlene Rosenberger	2013
Margo Hitchner	2012
Patricia Hitchner	2012
Cheryl Ann Ewing	2014
Heather Weber	2014
Todd Dooley	2014

OTHER OFFICIALS

John Klug, Chief School Administrator

Gary R. Moore, Board Secretary/Business Administrator

Betty J. Dickinson, Treasurer of School Monies (To: May 2012)

Tracey Beattie, Treasurer of School Monies (From: May 14, 2012)

Jane B. Capasso, Esq., Solicitor

STOW CREEK TOWNSHIP SCHOOL DISTRICT
CONSULTANTS AND ADVISORS

AUDIT FIRM

Raymond Colavita, CPA, RMA
Nightlinger, Colavita and Volpa, P. A.
Certified Public Accountants
991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

ATTORNEY

Jane B. Capasso, Esquire
Lipman, Antonelli, Batt, Gilson, Malestein, Rothman & Capasso
110 North Sixth Street
Vineland, NJ 08362-0729

OFFICIAL DEPOSITORY

Bank of America
500 Shiloh Pike
Bridgeton, New Jersey 08302

Colonial Bank, FSB
85 W. Broad Street
Bridgeton, New Jersey 08302

State of New Jersey Cash Management Fund
Citi Fund Services
PO Box 182218
Columbus, OH 43216

FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245

September 27, 2012

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Stow Creek Township School District
Bridgeton, New Jersey 08302

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Township of Stow Creek School District in the County of Cumberland, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the Township of Stow Creek School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Stow Creek School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles, used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Stow Creek Township School District in the County of Salem, State of New Jersey, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 27, 2012 on our consideration of the Township of Stow Creek School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governments Auditing Standard and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 11 through 18 and 49 through 56 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Stow Creek School District's financial statements as a whole. The introductory section, combining fund financial statements, long-term debt schedules and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by New Jersey OMB's Circular 04-04, **Single Audit Policy For Recipients of Federal Grants, State Grants and State Aid**, and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements, long-term debt schedules and schedules of expenditures of federal awards and state assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedure applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Stow Creek Township School District Management Discussion and Analysis

This section of the Stow Creek Township School District's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year ending on June 30, 2012. Comparative information between the current year (2011-12) and the prior year (2010-11) is required to be presented in the MD&A. The intent of the discussion and analysis is to look at the District's financial performance as a whole. Interested parties should review the basic financial statements and notes in concert with this document in order to enhance and clarify their understanding of the finances of the District.

Using the Comprehensive Annual Financial Report (CAFR)

The Comprehensive Annual Financial Report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information.

The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status and performance.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the *district-wide statements*, with the focus on operations.
- The *governmental fund statements* tell how *basic* services such as regular and special education were financed in the *short-term*, as well as what remains for future spending.
- *Proprietary fund statements* offer *short- and long-term* financial information about activities the District operates *like businesses*.
- *Fiduciary fund statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include *notes* that explain various information in the statements and provide more detail. The statements are followed by a section of *required supplementary information* that further explains and supports the financial statements with a comparison of the District's budget for the year.

Key financial highlights for 2012 are as follows:

- The assets of the Stow Creek School District exceeded its liabilities at the close of the most recent fiscal year on June 30, 2012 by \$459,130.
- Total net assets of governmental activities decreased by \$121,400, comprised of changes in various assets and liabilities. The net assets of the Business-type Activities decreased by \$10,259.
- As of the close of the current fiscal year, the Township of Stow Creek School District's Governmental Funds reflected combined ending fund balances of \$265,764, which is an increase of \$35,393 over the prior year.

- General revenues accounted for \$1,790,980, which was 83% percent of total revenues. Program specific revenues in the form of charges for services, operating grants and contributions accounted for \$356,015 or 17% percent to total revenues of \$2,146,995.
- The School District had \$2,061,657 in expenses, of which only \$356,015 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily federal awards, state aid and property taxes) were adequate to provide for these programs, which include the Business-type Activities.
- The General Governmental Fund had \$1,890,710 in revenues, \$1,848,658 in expenditures and \$6,659 in other net financing uses. The General Fund balance increased \$35,393 over 2011. This increase was anticipated by the Board of Education, although fund balance of \$104,609 was used to balance the budget.

District-wide Financial Statements – Reporting the School District as a Whole

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's overall financial position.

This change in net assets is important because it tells the reader that, for the school district as a whole, the financial positions of the School district has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, which represent the district-wide financial statements, the School District is divided into two distinct kinds of activities:

- **Governmental Activities** – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation, extracurricular activities and internal service funds.
- **Business – Type Activities** – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service and After School Child Care enterprise funds are reported as a business-type activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major (all) funds begins on page 22. Fund financial reports provide detailed information about these major funds. The School District uses numerous funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds.

The District may implement four types of funds:

- **Governmental funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental fund statements explains the relationship (or differences) between them.
- **Proprietary funds:** Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
- **Internal service funds:** (Also considered proprietary funds) are optional and utilized to report activities that provide supplies and services for other District programs and activities. The District currently does not have any internal service funds.
- **Fiduciary funds:** The District is the trustee, or *fiduciary*, for assets that belong to others, such as the student activity fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements as these assets may not be used to finance the District's operations.

The School District as a Whole

Table 1 provides a comparative summary of the School District's net assets for the years ended in 2012 and 2011.

Table 1
Net Assets

	2012	2011
Assets		
Current and Other Assets	\$ 464,813	\$ 325,758
Capital Assets, Net	203,911	354,001
Total Assets	668,724	679,759
Liabilities		
Current Liabilities	164,425	51,792
Long-term liabilities	45,169	38,481
Total Liabilities	209,594	90,273
Net Assets		
Invested in Capital Assets, Net of Debt	195,631	347,357
Restricted	112,204	169,241
Unrestricted	151,295	72,887
Total Net Assets	\$ 459,130	\$ 589,485

Table 2 shows the changes in net assets from fiscal year's 2012 and 2011.

Table 2
Changes in Net Assets

	2012	2011
Revenues		
Programs Revenues		
Charges for Services	\$ 61,323	\$ 66,867
Operating Grants	294,692	230,456
General Revenues		
Property Taxes	880,526	880,526
Grants and Entitlements	863,689	798,174
Other	46,765	54,279
Total Revenues	2,146,995	2,030,302
Program Expenses		
Instruction	766,029	696,216
Tuition	86,775	119,491
Pupil and Instructional Staff	138,026	145,602
General Administration, School		
Administration, Business	169,727	172,993
Operations and Maintenance of Facilities	160,286	172,945
Pupil Transportation	167,708	144,566
Employee Benefits	468,029	377,227
Other	220,709	46,037
Food Service & After School Care	100,061	94,515
Total Expenses	2,277,350	1,969,592
Increase in Net Assets	\$ (130,355)	\$ 60,710

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. The District's Property taxes made up 49.2% percent of the net revenues for governmental activities of \$1,790,980. Restricted and Unrestricted Federal, state and local grants accounted for another 48.2%. The total cost of services, as shown below, was \$2,054,969. The net cost of all governmental programs and services, which excludes charges for services and operating grants, was \$1,681,736. Instruction comprises 39% of these net District expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows a comparison of the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3

	<u>Total Cost of Services 2012</u>	<u>Net Cost of Services 2012</u>	<u>Total Cost of Services 2011</u>	<u>Net Cost of Services 2011</u>
Instruction	\$ 766,029	\$ 661,213	\$ 696,216	\$ 627,469
Tuition	86,775	86,775	119,491	119,491
Pupil and Instructional Staff	138,026	100,412	145,602	115,142
General Administration, School Administration, Business	169,727	169,727	172,993	172,993
Operation and Maintenance of Facilities	160,286	160,286	172,945	172,945
Pupil Transportation	167,708	167,708	144,566	144,566
Employee Benefits	468,029	337,287	377,227	275,939
Unallocated Depreciation	5,016	5,016	46,037	46,037
Enterprise Funds	100,061	17,218	94,515	(2,313)
Total Expenses	<u>\$ 2,061,657</u>	<u>\$ 1,705,642</u>	<u>\$ 1,969,592</u>	<u>\$ 1,672,269</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development. Curriculum and staff development expenses (included in support services) are related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Co-curricular activities include instructional expenses related to student activities provided by the School district which are designated to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District as well as internal service fund expenses.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition as well as internal service fund expenses.

Pupil transportation includes activities involved with the conveyance of students to and from school and other activities, as provided by state law, as well as internal service fund expenses.

Unallocated Depreciation reflects the cost of fixed assets spread over the estimated useful lives of the individual assets

Business-Type Activities

Revenues for the District's business-type activities (Food Service and After School Child Care Programs) were comprised of charges for services and federal and state reimbursements.

- Expenditures exceeded Revenues by \$15,716 in the Food Service Fund and \$1,502 in the After School Childcare Program. This excess was offset by a board subsidy of \$6,659, a fixed asset adjustment of \$1,304 and miscellaneous income of \$300, resulting in a negative change in net assets of \$8,955.

- Charges for services represent \$47,285 in the Food Service Fund and \$14,038 in the After School Childcare Program of revenue. This represents amount paid by patrons for daily food services activities and after school childcare.
- Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities, were \$21,520.

The School District's Funds

Information about the School District's major funds starts on page 22. These funds are accounted for using the modified accrual basis of accounting. The governmental funds used (i.e., General Fund, Special Revenue Fund and Capital Project Fund presented in the fund-based statements) had total revenues of \$2,062,548, expenditures of \$2,020,496 and other net financing uses of \$6,659. The net positive change in fund balance for the year was \$35,393. This demonstrates that the District was able to meet current operating costs with no urgent need for additional funds.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the Governmental Funds (excluding Capital Projects) for the fiscal year ended June 30, 2012, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenue	Amount	Percent of Total	Increase/ (Decrease) from 2011	Percent Increase (Decrease)
Local Sources	\$ 925,687	44.88%	\$ 2,467	0.28%
State Sources	982,074	47.61%	53,931	5.33%
Federal Sources	154,787	7.50%	84,261	109.01%
Total	\$ 2,062,548	100.00%	\$ 140,659	7.18%

The increase in Local sources is attributed to increases in the general fund transportation of \$630 and other miscellaneous revenues of \$6,502, offset by a decrease in tuition of \$4,665.

The increase in State sources is attributed to an increase in State Public School aid of \$50,568 and Special Revenue Fund Grants of \$3,363.

The above schedule includes the two last state aid payments for 2010-2011 of \$64,681 received in July 2011 and does not include the two last state aid payments for 2011-2012 received in July 2012 in the amount of \$66,891.

The increase in Federal sources is due to the increase in general fund revenues of \$17,096 and an increase in the Special Revenue Fund Grants of \$67,165. In addition, the 2012 figures do not include deferred revenue in accordance with GAAP accounting.

The following schedule presents a summary of General Fund and Special Revenue Fund Expenditures for the fiscal year ended June 30, 2012 and the percentage of increases and decreases in relation to prior year amounts.

Expenditures	Amount	Percent of Total	Increase/ (Decrease from 2011	Percent Increase (Decrease)
Current:				
Instruction	\$ 751,683	37.20%	\$ 55,467	6.52%
Undistributed expenditures	1,164,068	57.61%	27,823	2.60%
Capital Outlay	104,745	5.18%	30,050	531.11%
Total	<u>\$ 2,020,496</u>	<u>100.00%</u>	<u>\$ 113,340</u>	<u>5.89%</u>

The increase in Instructional Expenditures is attributed to increases in Regular Instruction of \$92,475 and Special Instructional Expenses of \$343, offset by a decrease in other Instructional Expenses of \$37,351.

The increase in Undistributed Expenditures was due to lower expenses for student related costs of \$7,576, Tuition of \$32,716, Administration/Central Services costs of \$3,762 and Maintenance costs of \$14,876, offset by increases in Transportation costs of \$6,060 and Employee Benefits of \$80,693.

The increase in Capital Outlay is attributed mainly to the purchase of equipment.

General Fund Budgeting Highlights

The School District's Budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the fiscal year 2012, the School District amended its General Fund budget as needed. The School District uses program based budgeting. These budgeting systems are designed to tightly control total program budgets while providing flexibility for program management to address the following:

- Staffing changes based on student needs.
- Additional costs for student transportation both in regular education and special education.
- Changes in maintenance and operations
- Changes in appropriations to prevent budget overruns.

While the District's final budget for the general fund anticipated that revenues, including surplus appropriated, would roughly equal expenditures, the actual results for the year show an increase of \$37,603 as shown on Exhibit C-1.

- Actual revenues were \$12,509 more than expected, excluding on-behalf pension and social security reimbursements of \$121,380, due to the increased adjustment aid.
- Actual expenditures were \$135,258 less than expected. This excludes state on-behalf pension and social security reimbursements of \$121,380 and reflects favorable variances in most expenditure accounts.

Capital Assets

At the end of the fiscal year 2012, the School District had \$203,911 (net of accumulated depreciation) invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2012 balances compared to 2011.

Table 4
Capital Assets (Net of Depreciation) at June 30

	2012	2011
Land Improvements	\$ 14,097	\$ 15,271
Building and Improvements	7,270	199,883
Equipment	182,544	138,847
Totals	\$ 203,911	\$ 354,001

Overall net Capital Assets decreased by \$150,090 from fiscal year 2011 to fiscal year 2012. Capital Assets increased by the purchase of a new school bus in the amount of \$84,699 and equipment of \$20,046, offset by depreciation expenses of \$40,446 for the year and a fixed asset adjustment of \$214,389, based on an appraisal from an outside vendor.

Long-Term Debt:

At year-end, the District had outstanding compensated absences of \$45,169. There was no other outstanding debt authorized or issued (Note 6 to the Financial Statements). The amount of debt available for authorization by statute is \$3,540,195.

Factors Bearing on the District's Future

The Greenwich-Stow Creek Partnership between Stow Creek and Greenwich Township is entering its fourth year. As the Partnership matures and continues to develop in new productive modes, Stow Creek Township School District foresees gaining increasingly more benefits from the economies of scale and opportunities generated by this alliance. It is anticipated that new and innovative uses of the partnership will allow the continued enhancement of the quality of instruction and the expansion of educational opportunities available to the children of both districts while at the same time maintaining fiscally prudent stewardship of taxpayers' dollars.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact John Klug, Chief School Administrator, at Stow Creek Township School District, 11 Gum Tree Corner Road, Bridgeton, NJ 08302.

BASIC FINANCIAL STATEMENTS

DISTRICT WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities display information about the District.

These statements include the financial activities of the overall District, except for fiduciary activities.

Eliminations have been made to minimize the double-counting of internal activities.

These statements distinguish between the governmental and business-type activities of the District.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
ASSETS			
Cash and Cash Equivalents	\$ 377,764	\$ 53,684	\$ 431,448
Receivables, Net	24,714	2,888	27,602
Interfunds Receivable	2,638		2,638
Inventory		2,264	2,264
Restricted Assets:			
Capital Reserve Account - Cash	861		861
Capital Assets, Net (Note 5):	193,341	10,570	203,911
Total Assets	<u>599,318</u>	<u>69,406</u>	<u>668,724</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	26,302	23,199	49,501
Payable to State Governments	1,293		1,293
Deferred Revenue	112,618	1,013	113,631
Noncurrent Liabilities:			
Due Within One Year	10,000		10,000
Due Beyond One Year	35,169		35,169
Total Liabilities	<u>185,382</u>	<u>24,212</u>	<u>209,594</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	185,061	10,570	195,631
Restricted for:			
Capital projects	64,632		64,632
Restricted	47,572		47,572
Unrestricted	116,671	34,624	151,295
Total Net Assets	<u>\$ 413,936</u>	<u>\$ 45,194</u>	<u>\$ 459,130</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 650,999	\$	\$ 104,816	\$ (546,183)	\$	\$ (546,183)
Special Education	46,051			(46,051)		(46,051)
Other Instruction	68,979			(68,979)		(68,979)
Support Services:						
Tuition	86,775			(86,775)		(86,775)
Student & Instruction Related Services	138,026		37,614	(100,412)		(100,412)
General and Business Administrative Services	121,536			(121,536)		(121,536)
School Administrative Services	21,520			(21,520)		(21,520)
Central Services	26,671			(26,671)		(26,671)
Plant Operations and Maintenance	160,286			(160,286)		(160,286)
Pupil Transportation	167,708			(167,708)		(167,708)
Unallocated Benefits	468,029		130,742	(337,287)		(337,287)
Unallocated Depreciation	5,016			(5,016)		(5,016)
Total Governmental Activities	1,961,596		273,172	(1,688,424)		(1,688,424)
Business-type Activities:						
Food Service	84,521	47,285	21,520		(15,716)	(15,716)
After School Childcare	15,540	14,038			(1,502)	(1,502)
Total Business-type Activities	100,061	61,323	21,520		(17,218)	(17,218)
Total Primary Government	\$ 2,061,657	\$ 61,323	\$ 294,692	(1,688,424)	(17,218)	(1,705,642)
General revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				880,526		880,526
Federal and State Aid not restricted				863,689		863,689
Tuition Received				2,880		2,880
Transportation Fees Received				32,130		32,130
Miscellaneous Income				10,151	1,304	11,455
Fixed Asset Adjustment				(215,693)		(215,693)
Transfers				(6,659)	6,659	
Interest					300	300
Total General Revenues, Special Items, Extraordinary Items and Transfers				1,567,024	8,263	1,575,287
				Change in Net Assets		
				(121,400)	(8,955)	(130,355)
				Net Assets—Beginning		
				535,336	54,149	589,485
				Net Assets—Ending		
				\$ 413,936	\$ 45,194	\$ 459,130

The accompanying Notes to Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund.

GOVERNMENTAL FUNDS

STOW CREEK TOWNSHIP BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 311,395	\$ 19,875	\$ 54,774	\$ 386,044
Cash - Capital Reserve	861			861
Accounts Receivables:				
State	1,566		8,997	10,563
Federal		14,151		14,151
Interfund Receivable	2,638			2,638
Total Assets	<u>\$ 316,460</u>	<u>\$ 34,026</u>	<u>\$ 63,771</u>	<u>\$ 414,257</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 19,287	\$ 7,015		\$ 26,302
Prepaid Local School Tax	73,398			73,398
Interfund Payable	8,280			8,280
Payable to State Government		1,293		1,293
Deferred Revenue	13,502	25,718		39,220
Total Liabilities	<u>114,467</u>	<u>34,026</u>		<u>148,493</u>
Fund Balances:				
Restricted For:				
Capital Reserve	861			861
Capital Projects Fund			63,771	63,771
Committed To:				
Year - End Encumbrances	14,299			14,299
Assigned Fund Balance:				
Designated for Subsequent Year's Expenditures	47,572			47,572
Unassigned, Reported In:				
General Fund	139,261			139,261
Total Fund Balances	<u>201,993</u>		<u>63,771</u>	<u>265,764</u>
Total Liabilities and Fund Balances	<u>\$ 316,460</u>	<u>\$ 34,026</u>	<u>\$ 63,771</u>	

Amounts reported for *governmental activities* in the statement of net assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$740,935 and the accumulated depreciation is \$547,594 (Note 5).

193,341

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 6).

(45,169)

Net Assets of Governmental Activities

\$ 413,936

The accompanying Notes to Financial Statements are an integral part of this statement.

STOW CREEK TOWNSHIP BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
Local Sources:				
Local Tax Levy	\$ 880,526	\$	\$	\$ 880,526
Tuition from Individuals	2,880			2,880
Transportation Fees from Other LEA's	32,130			32,130
Unrestricted Miscellaneous Revenues	10,151			10,151
Total Local Sources	925,687			925,687
State Sources	947,927	34,147		982,074
Federal Sources	17,096	137,691		154,787
Total Revenues	1,890,710	171,838		2,062,548
EXPENDITURES				
Current:				
Regular Instruction	531,837	104,816		636,653
Special Education Instruction	46,051			46,051
Other Instruction	68,979			68,979
Support services:				
Tuition	86,775			86,775
Student & Instruction Related Services	100,412	37,614		138,026
General Administration	121,040			121,040
School Administrative Services	21,520			21,520
Central Services	26,671			26,671
Plant Operations and Maintenance	158,069			158,069
Pupil Transportation	150,626			150,626
Employee Benefits	451,979	9,362		461,341
Capital Outlay	84,699	20,046		104,745
Total Expenditures	1,848,658	171,838		2,020,496
Excess (Deficiency) of Revenues Over Expenditures	42,052			42,052
OTHER FINANCING SOURCES (USES)				
Transfers Out - Food Service Fund	(6,659)			(6,659)
Total Other Financing Sources and Uses	(6,659)			(6,659)
Net Change in Fund Balances	35,393			35,393
Fund Balance—July 1	166,600		63,771	230,371
Fund Balance—June 30	\$ 201,993	\$ -	\$ 63,771	\$ 265,764

The accompanying Notes to Financial Statements are an integral part of this statement.

STOW CREEK TOWNSHIP BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$	35,393
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Amounts reported for governmental activities in the statement
of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of
activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.
This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation expense	\$	(39,157)	
Fixed Asset Adjustment		(215,693)	
Capital outlays		<u>104,745</u>	
			(150,105)

In the statement of activities, certain operating expenses are measured by the amounts
earned during the year, such as compensated absences. In the governmental funds, however,
expenditures are reported when the corresponding financial resources are used or paid.

(6,688)

Change in Net Assets of Governmental Activities (A-2)	\$	<u>(121,400)</u>
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The accompanying Notes to Financial Statements are an integral part of this statement.

PROPRIETARY FUNDS

STOW CREEK TOWNSHIP BOARD OF EDUCATION
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	Business-Type Activities		
	Enterprise Fund		
	Food Service	After School Childcare	Total Enterprise
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 36,500	\$ 8,904	\$ 45,404
Accounts Receivable:			
State	16		16
Federal	437		437
Other Program Fees		2,435	2,435
Interfund	8,280		8,280
Inventory	2,264		2,264
Total Current Assets	47,497	11,339	58,836
Noncurrent Assets:			
Furniture, Machinery & Equipment	40,927		40,927
Less Accumulated Depreciation	(30,357)		(30,357)
Total Noncurrent Assets	10,570		10,570
Total Assets	\$ 58,067	\$ 11,339	\$ 69,406
LIABILITIES AND FUND EQUITY:			
Current Liabilities:			
Accounts Payable	\$ 23,199	\$	\$ 23,199
Deferred Revenue	1,013		1,013
Total Current Liabilities	24,212		24,212
Net Assets			
Invested in Capital Assets, Net of Related Debt	10,570		10,570
Unrestricted	23,285	11,339	34,624
Total Fund Equity	33,855	11,339	45,194
Total Liabilities & Net Assets	\$ 58,067	\$ 11,339	\$ 69,406

The accompanying Notes to Financial Statements are an integral part of this statement.

STOW CREEK TOWNSHIP BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Business-Type Activities		
	Enterprise Fund		
	Food Service	After School Childcare	Total Enterprise
Operating Revenues:			
Charges for Services:			
Food Sales Reimbursable Programs	\$ 24,503	\$	\$ 24,503
Food Sales Non-Reimbursable Programs	22,782		22,782
After School Childcare Fees		14,038	14,038
Total Operating Revenue:	47,285	14,038	61,323
Operating Expenses:			
Salaries	31,543	13,332	44,875
Supplies and Materials	6,181	708	6,889
Cost of Sales	30,868		30,868
Management Fee	12,500		12,500
Miscellaneous	2,140	1,500	3,640
Depreciation	1,289		1,289
Total Operating Expenses	84,521	15,540	100,061
Operating Income (Loss)	(37,236)	(1,502)	(38,738)
Non-operating Revenues (Expenses):			
State Sources:			
State School Breakfast Program	546		546
Federal Sources:			
National School Lunch Program	13,310		13,310
School Breakfast Program	2,370		2,370
Food Distribution Program	5,294		5,294
Fixed Asset Adjustment	1,304		1,304
Interest	300		300
Total Non-operating Revenues (Expenses)	23,124		23,124
Income (Loss) before Contributions & Transfers	(14,112)	(1,502)	(15,614)
Transfers In (Out)	6,659		6,659
Change in Net Assets	(7,453)	(1,502)	(8,955)
Total Net Assets—Beginning	41,308	12,841	54,149
Total Net Assets—Ending	\$ 33,855	\$ 11,339	\$ 45,194

The accompanying Notes to Financial Statements are an integral part of this statement.

STOW CREEK TOWNSHIP BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Business-Type Activities Enterprise Funds		
	Food Service	After School Childcare	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 46,606	\$ 13,328	\$ 59,934
Payments to Employees	(31,543)	(13,332)	(44,875)
Payments to Suppliers	(16,973)	(708)	(17,681)
Payment to Others	(14,640)	(1,500)	(16,140)
Net Cash Provided by (used for) Operating Activities	(16,550)	(2,212)	(18,762)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	546		546
Federal Sources	20,974		20,974
Operating transfers in	6,659		6,659
Net Cash Provided by (used for) Non-capital Financing Activities	28,179		28,179
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Purchase of Fixed Assets			
Net Cash Used by Capital Financing			
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and Dividends	300		300
Net Cash Provided by (used for) Investing Activities	300		300
Net Increase (Decrease) in Cash and Cash Equivalents	11,929	(2,212)	9,717
Balances—Beginning of Year	24,571	11,116	35,687
Balances—End of Year	\$ 36,500	\$ 8,904	\$ 45,404
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (37,236)	\$ (1,502)	\$ (38,738)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Depreciation and Net Amortization	1,289		1,289
(Increase)Decrease in Accounts Receivable, Net	957	(710)	247
(Increase)Decrease in Interfund Receivable, Net	(1,636)		(1,636)
(Increase)Decrease in Inventories	193		193
Increase(Decrease) in Accounts Payable	20,245		20,245
Increase(Decrease) in Interfund Accounts Payable			
Increase(Decrease) in Deferred Revenue	(362)		(362)
Total Adjustments	20,686	(710)	19,976
Net Cash Provided by (used for) Operating Activities	\$ (16,550)	\$ (2,212)	\$ (18,762)

The accompanying Notes to Financial Statements are an integral part of this statement.

FIDUCIARY FUNDS

STOW CREEK TOWNSHIP BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

	<u>Trust Funds</u>		<u>Agency Funds</u>	
	<u>Unemployment Compensation Trust</u>		<u>Student Activity</u>	<u>Payroll</u>
ASSETS				
Cash and Cash Equivalents	\$ 24,145	\$ 17,515	\$ 45,081	
Interfund Accounts Receivable				
Unemployment Account				6
Total Assets	<u>\$ 24,145</u>	<u>\$ 17,515</u>	<u>\$ 45,087</u>	
LIABILITIES				
Payable to Student Groups	\$	\$ 17,515	\$	
Payroll Deductions and Withholdings				42,449
Interfund Accounts Payable:				
General Fund				2,638
Payroll Agency Account	6			
Total Liabilities	<u>\$ 6</u>	<u>\$ 17,515</u>	<u>\$ 45,087</u>	
NET ASSETS				
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 24,139</u>			

The accompanying Notes to Financial Statements are an integral part of this statement.

STOW CREEK TOWNSHIP BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Unemployment Compensation Trust</u>
ADDITIONS:	
Contributions:	
Plan Member	\$ -
Investments and Earnings:	
Interest	50
Total Additions	<u>50</u>
DEDUCTIONS:	
Unemployment Claims	<u>10,000</u>
Total Deductions	<u>10,000</u>
Change in Net Assets	(9,950)
Net Assets -- July 1	<u>34,089</u>
Net Assets -- June 30	<u>\$ 24,139</u>

The accompanying Notes to Financial Statements are and integral part of this statement.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

A. Reporting Entity:

The Stow Creek Township School District is a Type II district located in the County of Salem, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of seven members elected to three-year terms. These terms are staggered so that two or three members' terms expire each year. The purpose of the district is to educate students in grades Pre K-8. The Stow Creek Township School District had an approximate enrollment at June 30, 2012 of 117 students.

Business Administrator/Board Secretary services are contracted with the Alloway School District including responsibility for the administrative control of the district.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, as stipulated in GASB No. 114, the District has no component units.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) of Stow Creek Township School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

In June 1999, the Governmental Accounting Standards Board (GASB), unanimously approved Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This Statement provides for the most significant change in financial reporting over twenty years and is scheduled for a phase-in implementation period (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments). In addition, the school district has implemented GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*, Statement No. 38, *Certain Financial Statement Note Disclosures* and GASB No. 54 *Fund Balance Reporting and Governmental Fund Type Descriptions*.

A. Basis of Presentation:

The District's basic financial statements consist of District-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

A. Basis of Presentation: (continued)

District-wide Statements: The statement of net assets and the statements of activities display information about the financial activities of the overall district, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net assets presents the financial condition of the governmental and business-type activities of the District at the fiscal year end while the statement of activities presents a comparison between direct expenses and program revenues for each different business-type activity of the District and for each function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses—expenses of the District related to the administration and support of the District's programs, such as personnel and accounting—are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

Fund Financial Statements: During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* – are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting.

B. Fund Accounting:

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds and accounts are grouped in the financial statements in this report as follows:

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Fund Accounting: (continued)

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the Capital Outlay sub-fund.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. The district currently has no capital projects and, therefore, has not included a capital projects fund.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

Permanent Fund - The Permanent Fund is used to account for resources that are legally restricted to the extent that only earnings and not principal may be used for purposes that support the District's programs, which are stipulated for the benefit of the School District or its students. The School District does not maintain a non-expendable scholarship fund that would require a permanent fund.

PROPRIETARY FUNDS

The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Fund Accounting: (continued)

Enterprise Funds - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The School District's Enterprise funds are as follows:

Food Service Fund - This fund accounts for the financial transactions of the food service operations of the District.

School Age Child Care Program - This fund accounts for the financial activity related to providing day care services to the students.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Fund - Equipment	10 to 20 Years
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FIDUCIARY FUNDS

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Expendable Trust Fund - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. They account for assets where both the principal and interest may be spent. Expendable Trusts include Unemployment Compensation Insurance and scholarship funds, if any:

Nonexpendable Trust Fund - A Nonexpendable Trust Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal. The District does not maintain a nonexpendable trust fund.

Agency Funds - Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds. This includes a Flexible Medical Spending Plan.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Basis of Accounting and Measurement Focus:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-wide, Proprietary and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under the New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2 (m) 1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year, subject to certain rules. The Board of Education did not make any material supplemental budgetary appropriations during the fiscal year.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

D. Budgets/Budgetary Control: (continued)

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis, which differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

Exhibit C-3 presents a reconciliation of the general fund and special revenue fund from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types.

E. Encumbrance Accounting:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end. The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

F. Tuition Receivable:

Tuition charges, when applicable, are established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

G. Tuition Payable:

Tuition charges for the fiscal years 2009-10, 2010-11 and 2011-12 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

H. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as an expenditure during the year of purchase.

On district-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2012.

I. Short-Term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

J. Assets, Liabilities and Equity:

Transactions

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

Inventories

On district-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method and is expended when used. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2012.

At June 30, 2012, there was an ending inventory of \$2,264 in the Food Service Fund, of which \$1,013 was federal commodities.

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1986, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements. The District receives federal commodity food for meal service provided through a vended meal contract.

Capital Assets - General fixed assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The general fixed assets acquired or constructed prior to June 30, 2012 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. General fixed assets are reflected as expenditures in the applicable governmental funds, and the related assets are reported in the general fixed assets account group. Expenditures that enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the fixed asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized. Assets in the general fixed assets account group are not depreciated.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

J. Assets, Liabilities and Equity: (continued)

Capital assets are depreciated in the district-wide financial statements using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Building	50
Building Improvements	20
Equipment	5-10

K. Compensated Absences:

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the district-wide Statement of Net Assets.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

L. Deferred Revenue:

Deferred revenue in the special revenue fund represents cash that has been received but not yet earned.

M. Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

N. Allocation of Indirect Expenses:

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are not reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

O. Extraordinary and Special Items:

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

P. Fund Equity:

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

Q. Comparative Data/Reclassifications:

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

R. Management Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of revenues and expenditures/expenses during the reporting period. Accordingly, actual results could differ from those estimates.

S. Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

T. Net Assets:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

U. Fund Balance Reserves:

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

V. Revenues – Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned.

Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or for the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Investments are stated at cost, or amortized cost, which approximates market. The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity for any discount or premium. The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

New Jersey statutes permit the Board to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives, which have a maturity date no greater than twelve months from the date of purchase.
- c. Bonds of other obligations of the school district.

As of June 30, 2012, cash and cash equivalents in the fund financial statements of the District consisted of the following:

	Cash and Cash Equivalents
Checking accounts	\$ 517,209
NJ Cash Management	1,841
Total	<u>\$ 519,050</u>

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

Custodial Credit Risk - Custodial Credit Risk is the risk that, in the event of a bank failure, the School Districts deposits may not be returned to it. Although the School District does not have a formal policy regarding custodial credit risk, as described in Note 1: N.J.S.A. 17:9-41 et. Seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Protection Act. As of June 30, 2012, the School Districts bank balances of \$524,993 was insured or collateralized as follows:

Insured	\$	308,280
Uninsured and collateralized with securities held by pledging financial institutions		216,713
	\$	<u>524,993</u>

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Township of Stow Creek Board of Education by inclusion of \$35,947 on June 30, 1998 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Beginning Balance, July 1, 2011	\$	861
Interest Earnings		
Deposits		
Withdrawal in Budget		
Ending Balance, June 30, 2012	\$	<u>861</u>

The LRFP balance of local support costs of uncompleted capital projects at June 30, 2012 is \$201,939. There were no withdrawals from the capital reserve during fiscal year 2011-12.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 5. CAPITAL ASSETS

Capital Asset Activity for the Year Ended June 30, 2012 was as Follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustment/ Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets that are not Being Depreciated:				
Land				
Total Capital Assets not Being Depreciated				
Land Improvements	\$ 74,584	\$ -		\$ 74,584
Building and Building Improvements	393,816		(202,531)	191,285
Equipment	464,904	104,745	(94,583)	475,066
Totals at Historical Cost	933,304	104,745	(297,114)	740,935
Less Accumulated Depreciation for :				
Land Improvements	(59,313)	(1,271)	97	(60,487)
Building and Improvements	(193,933)	(208)	10,126	(184,015)
Equipment	(336,612)	(37,678)	71,198	(303,092)
Total Accumulated Depreciation	(589,858)	(39,157)	81,421	(547,594)
Total Capital Assets being Depreciated, Net of Accumulated Depreciation	343,446	65,588		193,341
Government Activities Capital Assets, Net	\$ 343,446	\$ 65,588	\$ (215,693)	\$ 193,341
				To A-1
Business-type Activities - Equipment	\$ 51,779		\$ (10,852)	\$ 40,927
Less Accumulated Depreciation	(41,224)	(1,289)	12,156	(30,357)
Business-type Activities Capital Assets, Net	\$ 10,555	\$ (1,289)	\$ 1,304	\$ 10,570

Depreciation Expense was Charged to Governmental Functions as Follows:

Instruction	\$ 14,346
Administration	496
Maintenance	2,217
Transportation	17,082
Unallocated	5,016
	<u>\$ 39,157</u>

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 6. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2012, the following changes occurred in long-term obligations:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>	<u>Long-term Portion</u>
Governmental Activities:						
Compensated Absences Payable	\$ 38,481	\$ 6,688		\$ 45,169	\$ 10,000	\$ 35,169
Total Other Liabilities	<u>\$ 38,481</u>	<u>\$ 6,688</u>	<u>\$ -</u>	<u>\$ 45,169</u>	<u>\$ 10,000</u>	<u>\$ 35,169</u>

Bonds Authorized and Issued -- As of June 30, 2012, the District had no bonds authorized but not issued.

Capital Leases -- At June 30, 2012, the Board of Education did not have any capital leases.

NOTE 7. OPERATING LEASES

The District had commitments to lease two copiers under operating leases that expire in 2015. Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2013	\$ 7,776
2014	7,776
2015	<u>5,832</u>
Total Future Minimum Lease Payments	<u>\$21,384</u>

The total operating lease payments made during the year ended June 30, 2012 were \$7,776.

NOTE 8. PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 8. PENSION PLANS (CONT'D)

Public Employees' Retirement System - The Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit plan which was established as of January 1, 1955. The PERS provides retirement, death, disability and medical benefits to certain qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2011, however, in accordance with Chapter 78, P.L. 2011, plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2007, the increase is effective with the payroll period that begins immediately after July 1, 2007. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The School District is billed annually for its normal contribution plus any accrued liability.

Significant Legislation - P.L. 2010, c.1, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

This new legislation changed the membership eligibility criteria for new members of TPAF and PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of TPAF and PERS to 1/60 from 1/55, and it provided that new members of TPAF and PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of TPAF and PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the SPRS and PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for Social Security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the prosecutor's part of the PERS to new members and repealed the law for the new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time five years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in Fiscal year 2012.

P.L. 2010, c.3, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the TPAF and PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the States Defined Contribution Retirement Program.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 8. PENSION PLANS (CONT'D)

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost - of - living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Three-Year Trend Information for PERS

Year Funding		<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>		<u>Net Pension Obligation</u>
6/30/12	\$	15,550	100	%	\$ 15,550
6/30/11		12,947	100		12,947
6/30/10		10,837	100		10,837

Three-Year Trend Information for TPAF (Paid on-behalf of the District)

Year Funding		<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>		<u>Net Pension Obligation</u>
6/30/12	\$	67,018	100	%	\$ 0
6/30/11		50,505	100		0
6/30/10		52,961	100		0

During the fiscal year ended June 30, 2012, the State of New Jersey contributed \$22,263 to the TPAF for contributory insurance and \$44,755 for post- retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$54,362 during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund schedules as a revenue and expenditure in accordance with GASB 27.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 9. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2011, there were 93,323 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in fiscal year 2011.

NOTE 10. COMPENSATED ABSENCES

The School District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the School District and its employees, is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the School District's personnel policies. Upon termination, employees are paid for accrued vacation. The School District's policy permits employees to accumulated unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the District's agreement with the various employee unions.

In the district wide-Statement of Net Assets, the liabilities whose average maturities are greater than one year should be reported in two components-the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2012, a liability existed for compensated absences in the General Fund of \$38,481 and none in the Food Service Fund.

NOTE 11. DEFERRED COMPENSATION

The Board offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrator is as follows:

Lincoln Investments
GWN Marketing
LSW

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and prior 2 years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011-2012	\$ 50	\$	\$ 10,000	\$ 24,139
2010-2011	None	28	0	34,089
2009-2010	None	1,738	24,097	34,061

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

The following Interfund Balances remained on the balance sheet at June 30, 2012:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 2,638	\$ 8,280
Food Service Fund	8,280	
Payroll Fund		2,638
Total	\$ 10,918	\$ 10,918

NOTE 14. FUND BALANCE APPROPRIATED

General Fund - Of the \$201,993 General Fund balance at June 30, 2012, \$861 is reserved for Capital Reserve; \$14,299 is committed for Encumbrances; nothing was required to be reserved as excess surplus at June 30, 2012 in accordance with N.J.S.A. 18A:7F-7; \$47,572 has been appropriated and included as anticipated revenue for the year ending June 30, 2013; and \$139,261 is unreserved and undesignated.

Debt Service Fund - There was no unreserved and undesignated Debt Service fund balance at June 30, 2012.

NOTE 15. LITIGATION

The District is from time to time involved in claims and lawsuits incidental to its operations. Per confirmation by the District's legal counsel, there are no pending litigations, claims, assessments of contingent liability against the District.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 16. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2005, c.73 (S1701), the designation for Reserved Fund Balance -- Excess Surplus is a required calculation pursuant to the New Jersey School Funding Reform Act of 2008 (SFRA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. There is no excess fund balance at June 30, 2012 that must be budgeted in the 2013-14 budget. The excess fund balance at June 30, 2011 was zero.

NOTE 17. DEFICIT FUND BALANCES

The District did not have any deficit fund balances in the General or Special Revenue Fund as of June 30, 2012 as reported in the fund statements (modified accrual basis). P.L. 2003, c.97 provides that in the event a state school aid payment is not made until the following school year, districts must record the last state aid payment as revenue, for budgeted purposes only, in the current budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry i.e. if one government recognizes as asset, the other government recognizes a liability. Since the state is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the state records the payable. Due to the timing difference of recording the last state aid payment, the Special Revenue Fund does not alone indicate that the district is facing financial difficulties.

NOTE 18. RECEIVABLES

Receivables at June 30, 2012 consisted of accounts (fees) and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of State programs and the current fiscal year guarantee of federal funds.

Receivables as of year-end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	General Fund	Special Revenue Fund	Capital Projects Fund	Proprietary Funds	Total
Receivables:					
Intergovernmental \$	1,566	\$ 14,151	\$ 8,997	\$ 453	25,167
Other				2,435	2,435
Totals	\$ 1,566	\$ 14,151	\$ 8,997	\$ 2,888	27,602

NOTE 19. SUBSEQUENT EVENTS

There were no subsequent events affecting the District between June 30 2012 and the Audit Report Date.

BUDGETARY COMPARISON SCHEDULES

STOW CREEK TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 880,526	\$	\$ 880,526	\$ 880,526	\$ -
Tuition from Individuals	6,400		6,400	2,880	(3,520)
Transportation Fees from Other LEA's	32,130		32,130	32,130	
Unrestricted Miscellaneous Revenues	3,000		3,000	10,151	7,151
Total - Local Sources	922,056		922,056	925,687	3,631
State Sources:					
Categorical Special Education Aid	66,206		66,206	66,206	
Equalization Aid	589,305		589,305	589,305	
Categorical Security Aid	15,939		15,939	15,939	
Adjustment Aid	85,746		85,746	105,318	19,572
Categorical Transportation Aid	50,423		50,423	50,423	
Additional Nonpublic School Transportation Aid				1,566	1,566
On-Behalf TPAF Pension Contrib (Non-budgeted)					
Non-Contributory Ins				22,263	22,263
Post-Retirement Medical Contribution				44,755	44,755
Reimbursed TPAF Social Security Contributions (Non-budgeted)				54,362	54,362
Total - State Sources	807,619		807,619	950,137	142,518
Federal Sources:					
Education Jobs Fund	29,356		29,356	17,096	(12,260)
TOTAL REVENUES	1,759,031		1,759,031	1,892,920	133,889
EXPENDITURES:					
Current Expense:					
Salaries of Teachers:					
Kindergarten	7,034	16,100	23,134	22,376	758
Grades 1-5	341,211	(105,767)	235,444	229,122	6,322
Grades 6-8	99,999	115,000	214,999	201,549	13,450
Regular Programs - Home Instruction:					
Salaries of Teachers	1,000		1,000		1,000
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	23,099	500	23,599	22,999	600
Other Purchased Services	12,900	20,974	33,874	28,435	5,439
General Supplies	29,500	(2,508)	26,992	22,144	4,848
Textbooks	5,000	1,000	6,000	5,212	788
Other Objects	8,000	(8,000)			
Total Regular Programs - Instruction	\$ 527,743	\$ 37,299	\$ 565,042	\$ 531,837	\$ 33,205

STOW CREEK TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES:					
Special Education - Instruction:					
Multiple Disabilities					
Salaries of Teachers	\$ 46,261	\$ (46,261)	\$	\$	
General Supplies	750	(750)			
Textbooks	450	(450)			
Total Multiple Disability	47,461	(47,461)			
Resource Room/ Resource Center					
Salaries of Teachers		46,261	46,261	46,051	210
General Supplies		750	750		750
Textbooks		450	450		450
Total Resource Room/Resource Center		47,461	47,461	46,051	1,410
Total Special Education - Instruction	47,461		47,461	46,051	1,410
Basic Skills/Remedial - Instruction					
Salaries of Teachers	100,409	(45,881)	54,528	54,528	
General Supplies	500		500	437	63
Textbooks	100		100		100
Total Basic Skills/Remedial - Instruction	101,009	(45,881)	55,128	54,965	163
School Sponsored Co-curricular Activities - Instruction					
Salaries of Teachers	3,000	4,400	7,400	7,400	
Total School Sponsored Co-curr. Act. - Instr.	3,000	4,400	7,400	7,400	
School Sponsored Athletics - Athletics					
Salaries of Teachers	3,000	2,050	5,050	5,042	8
Other Purchased Services	1,500	298	1,798	1,572	226
Supplies and Materials	500		500		500
Total School Sponsored Athletics - Instruction	5,000	2,348	7,348	6,614	734
Total Instruction	684,213	(1,834)	682,379	646,867	35,512
Undistributed Expenditures:					
Instruction					
Tuition - CSSD & Regular Day Schools	130,185	(6,053)	124,132	86,775	37,357
Total Instruction	130,185	(6,053)	124,132	86,775	37,357
Attendance and Social Work Services:					
Salaries	11,640		11,640	10,561	1,079
Total Attendance and Social Work Services	\$ 11,640	\$	\$ 11,640	\$ 10,561	\$ 1,079

STOW CREEK TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
Undistributed Expenditures: (Continued)					
Health Services:					
Salaries	\$ 46,841	\$ (130)	\$ 46,711	\$ 41,774	\$ 4,937
Purch Professional/Technical Services	1,600		1,600	1,600	
Other Purchased Services	500	(350)	150	129	21
Supplies and Materials	1,800	480	2,280	1,960	320
Total Health Services	50,741		50,741	45,463	5,278
Other Support Services-Students-Related Services:					
Purchased Professional/Educational Services	11,000	6,175	17,175	9,691	7,484
Total Other Support Serv-Students-Related Services	11,000	6,175	17,175	9,691	7,484
Other Support Services-Students-Extra Services:					
Purchased Professional/Educational Services					
Total Other Support Serv-Students-Extra Services					
Other Support Services - Students-Regular:					
Other Purchase Professional and Technical Services					
Total Other Support Services - Students - Regular					
Other Support Services-Students-Child Study Teams:					
Salaries of Secretarial and Clerical Assistants	3,880		3,880	3,387	493
Purchased Professional/Educational Services	8,000	(3,514)	4,486	3,833	653
Other Objects	1,000	(1,000)			
Total Other Support Serv-Child Study Teams	12,880	(4,514)	8,366	7,220	1,146
Improvement of Instruction Services:					
Other Purchased Professional and Technical Services	26,737	(3,929)	22,808	19,366	3,442
Total Improvement of Instruction Services	26,737	(3,929)	22,808	19,366	3,442
Educational Media Services/School Library:					
Other Purchased Services	1,000		1,000	788	212
Supplies and Materials	1,000		1,000		1,000
Total Educational Media Services/School Library	\$ 2,000	\$	\$ 2,000	\$ 788	\$ 1,212

STOW CREEK TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
Undistributed Expenditures: (Continued)					
Instructional Staff Training Services:					
Purchased Professional/Educational Services	\$ 3,000	\$	\$ 3,000	\$ 1,500	\$ 1,500
Other Purchased Services	1,000	5,222	6,222	5,823	399
Total Instructional Staff Training Services	4,000	5,222	9,222	7,323	1,899
Support Services - General Administration:					
Salaries	101,000	(2,550)	98,450	95,465	2,985
Legal Fees	1,000	-	1,000	747	253
Audit Fees	10,500		10,500	10,500	
Communications/Telephone	3,000		3,000	2,885	115
BOE Other Purchased Services	750	(335)	415	265	150
Other Purchased Services	4,500	4,268	8,768	8,763	5
General Supplies	1,000	150	1,150	809	341
BOE Membership Dues and Fees	1,700		1,700	1,606	94
Total Support Services - General Administration	123,450	1,533	124,983	121,040	3,943
Support Services - School Administration:					
Salaries of Secretarial/Clerical Assistants	19,400		19,400	18,974	426
Other Purchased Services	500	600	1,100	887	213
Supplies and Materials	2,350	(600)	1,750	1,659	91
Total Support Services - School Administration	22,250		22,250	21,520	730
Central Services:					
Purchased Professional Services	26,100		26,100	26,100	
Purchased Technical Services	500	(230)	270	270	
Supplies and Maintenance	600	510	1,110	301	809
Total Central Services	\$ 27,200	\$ 280	\$ 27,480	\$ 26,671	\$ 809

STOW CREEK TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES: (Continued)					
Undistributed Expenditures: (Continued)					
Operation and Maintenance of Plant Services:					
Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	\$ 24,700	\$ (3,529)	\$ 21,171	\$ 9,425	\$ 11,746
Total Required Maintenance for School Facilities	24,700	(3,529)	21,171	9,425	11,746
Other Operation and Maintenance of Plant Services:					
Salaries	53,176	(2,000)	51,176	50,116	1,060
Purchased Professional/Technical Services	13,100	4,963	18,063	15,109	2,954
Cleaning, Repair and Maintenance Services	13,376	4,764	18,140	18,053	87
Other Purchased Property Services	7,000	1,500	8,500	4,936	3,564
Insurance	12,000	3,500	15,500	15,422	78
Miscellaneous Purchased Services	1,000		1,000	754	246
General Supplies	3,500	2,000	5,500	4,851	649
Energy (Electricity)	23,000	18,900	41,900	39,403	2,497
Energy (Natural Gas)	17,000	(17,000)			
Total Other Operation and Maint. of Plant Services	143,152	16,627	159,779	148,644	11,135
Total Operation and Maintenance of Plant Services	167,852	13,098	180,950	158,069	22,881
Student Transportation Services:					
Sal. For Pupil Trans (Bet Home & School) - Reg	52,168	2,875	55,043	52,929	2,114
Sal. Pupil Transportation (Bet Home & School) Spec. Ed.	24,558	(5,075)	19,483	17,835	1,648
Sal. Pupil Transportation (Other than Bet Home & School)	8,000	2,470	10,470	10,288	182
Management Fee - ESC & CTSA Trans. Program	1,500		1,500	1,327	173
Other Purchased Professional/Technical Services	3,900		3,900	3,900	
Cleaning, Repair and Maintenance Services	9,000	8,100	17,100	16,445	655
Contracted Services - Aid in Lieu of Payments	17,000	(9,000)	8,000	7,956	44
Miscellaneous Purchased Services - Transportation	9,800	1,130	10,930	10,847	83
Supplies and Materials	20,000	9,100	29,100	29,099	1
Total Student Transportation Services	145,926	9,600	155,526	150,626	4,900
Regular Programs - Instruction - Employee Benefits					
Social Security Contributions	2,997	6,250	9,247	8,845	402
Other Retirement Contributions - PERS	14,940	1,986	16,926	16,919	7
Other Retirement Contributions - Regular	10,000	(10,000)			
Workmen's Compensation	5,128	(1,190)	3,938	3,935	3
Health Benefits	163,811	19,431	183,242	177,148	6,094
Other Employee Benefits	1,000	4,690	5,690	5,688	2
Total Unallocated Benefits	197,876	21,167	219,043	212,535	6,508
Special Programs - Instruction - Employee Benefits					
Social Security Contributions	38		38		38
Workman's Compensation	1,819	(500)	1,319	1,310	9
Health Benefits	45,495	(26,365)	19,130	19,130	
Total Special Programs - Instruction	47,352	(26,865)	20,487	20,440	47
Attendance and Social Work Services - Employee Benefits					
Social Security Contributions	891		891	809	82
Workman's Compensation	134		134	96	38
Health Benefits	5,096	938	6,034	6,034	
Total Attendance and Social Work Services	6,121	938	7,059	6,939	120

STOW CREEK TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
Undistributed Expenditures: (Continued)					
Health Services - Employee Benefits					
Social Security Contributions	77		77		77
Workman's Compensation	596		596	429	167
Health Benefits	23,137	(302)	22,835	22,834	1
Total Health Services	23,810	(302)	23,508	23,263	245
Other Supp Serv-Child Study Teams-Employee Benefits					
Social Security Contributions	297		297	259	38
Workman's Compensation	45		45	32	13
Health Benefits	2,038	(26)	2,012	2,011	1
Total Other Supp Serv - Child Study Team	2,380	(26)	2,354	2,302	52
Support Serv - Gen Administration - Employee Benefits					
Social Security Contributions	1,128	(745)	383	383	
Workman's Compensation	363		363	261	102
Health Benefits	17,353	(2,266)	15,087	15,087	
Total Support Services - General Administration	18,844	(3,011)	15,833	15,731	102
Support Serv - School Administration - Employee Benefits					
Social Security Contributions	1,484		1,484	1,473	11
Workman's Compensation	223		223	161	62
Health Benefits	11,210	(1,153)	10,057	10,057	
Total Support Services - School Administration	12,917	(1,153)	11,764	11,691	73
Operation and Maintenance of Plant Serv - Employee Benefits					
Social Security Contributions	3,877		3,877	3,803	74
Workman's Compensation	3,715	(1,000)	2,715	2,675	40
Health Benefits	23,137	(1,512)	21,625	21,624	1
Total Operation and Maintenance of Plant Serv	30,729	(2,512)	28,217	28,102	115
Student Transportation Services - Employee Benefits					
Social Security Contributions	5,678		5,678	5,678	
Workman's Compensation	5,441	(1,500)	3,941	3,918	23
Total Transportation Services	11,119	(1,500)	9,619	9,596	23
Total Allocated Benefits	351,148	(13,264)	337,884	330,599	7,285
On-Behalf TPAF Post Retirem. Medical Contrib.(Non-budgeted)				44,755	(44,755)
On-Behalf TPAF Non-Contributory Ins. (Non-budgeted)				22,263	(22,263)
Reimbursed TPAF Soc. Sec. Contrib. (Non-budgeted)	\$	\$	\$	\$ 54,362	\$ (54,362)

STOW CREEK TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
Total Undistributed Expenditures	\$ 1,087,009	\$ 8,148	\$ 1,095,157	\$ 1,117,092	\$ (21,935)
TOTAL EXPENDITURES - CURRENT EXPENSE	1,771,222	6,314	1,777,536	1,763,959	13,577
CAPITAL OUTLAY:					
Interest Deposit to Capital Reserve					
Undistributed Expenditures:					
Equipment					
School Buses - Regular	85,000		85,000	84,699	301
Total Undistributed Expenditures	85,000		85,000	84,699	301
Facilities Acquisition and Construction Services:					
Increase in Capital Reserve					
Total Facilities Acquisition and Construction Services					
TOTAL CAPITAL OUTLAY	85,000		85,000	84,699	301
TOTAL EXPENDITURES	1,856,222	6,314	1,862,536	1,848,658	13,878
Excess (Deficiency) of Revenues and Other Over (Under) Expenditures	(97,191)	(6,314)	(103,505)	44,262.00	147,767
Other Financing Sources (Uses):					
Transfer to Food Service	(6,880)	(300)	(7,180)	(6,659)	521
Transfer to Capital Projects	(538)		(538)		538
Total Other Financing Sources	(7,418)	(300)	(7,718)	(6,659)	1,059
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(104,609)	(6,614)	(111,223)	37,603	148,826
Fund Balances, July 1	231,281		231,281	231,281	
Fund Balances, June 30	\$ 126,672	\$ (6,614)	\$ 120,058	\$ 268,884	\$ 148,826
RECAPITULATION :					
Restricted Fund Balance:					
Capital Reserve				\$ 861	
Committed Fund Balance:					
Year - End Encumbrances				14,299	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				47,572	
Unassigned Fund Balance				206,152	
				268,884	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				(66,891)	
Fund Balance per Governmental Funds (GAAP)				\$ 201,993	

STOW CREEK TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
EDUCATION JOBS FUND SUPPLEMENTARY SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Education Jobs Fund					
Regular Programs-Instruction					
Grades 1-5-Salaries for Teachers	\$ 20,000	\$ (17,096)	\$ 2,904		2,904
Grades 6-8-Salaries for Teachers	9,356		9,356		9,356
Other Purchased Services		17,096	17,096	17,096	
Total Regular Programs - Instruction	<u>29,356</u>	<u>-</u>	<u>29,356</u>	<u>17,096</u>	<u>12,260</u>
TOTAL EXPENDITURES - EDUCATION JOBS FUND	<u><u>\$ 29,356</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 29,356</u></u>	<u><u>\$ 17,096</u></u>	<u><u>12,260</u></u>

STOW CREEK TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:					
Federal Sources	\$ 99,650	\$ 67,065	\$ 166,715	\$ 137,691	\$ 29,024
State Sources	18,966	15,668	34,634	34,147	487
Other					
Total Revenues	<u>118,616</u>	<u>82,733</u>	<u>201,349</u>	<u>171,838</u>	<u>29,511</u>
EXPENDITURES:					
Instruction					
Salaries of Teachers	17,542	3,556	21,098	16,204	4,894
Purchased Professional and Technical Services	17,580		17,580	17,258	322
General Supplies	38,603	(822)	37,781	19,269	18,512
Textbooks		6,452	6,452	6,287	165
Other Purchased Services	9,287	36,511	45,798	45,798	
Total Instruction	<u>83,012</u>	<u>45,697</u>	<u>128,709</u>	<u>104,816</u>	<u>23,893</u>
Support Services					
Employee Benefits		11,467	11,467	9,362	2,105
Purchased Professional Educational Services	34,199	2,000	36,199	36,148	51
Other Purchased Services	1,405	3,523	4,928	1,466	3,462
Total Support Services	<u>35,604</u>	<u>16,990</u>	<u>52,594</u>	<u>46,976</u>	<u>5,618</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment		20,046	20,046	20,046	
Total Facilities Acquisition and Constr. Serv.		<u>20,046</u>	<u>20,046</u>	<u>20,046</u>	
Total Expenditures	<u>118,616</u>	<u>82,733</u>	<u>201,349</u>	<u>171,838</u>	<u>29,511</u>
Other Financing Sources (Uses)					
Total Outflows	<u>118,616</u>	<u>82,733</u>	<u>201,349</u>	<u>171,838</u>	<u>29,511</u>
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

STOW CREEK TOWNSHIP SCHOOL DISTRICT
BUDGET-TO-GAAP RECONCILIATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**Explanation of Differences between Budgetary Inflows and Outflows and
GAAP Revenues and Expenditures**

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 1,892,920	[C-2] \$ 171,838
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State aid payment recognized for Gaap statements in the current year, previously recognized for budgetary purposes.	64,681	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements	(66,891)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ 1,890,710	[B-2] \$ 171,838
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 1,848,658	[C-2] \$ 171,838
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] \$ 1,848,658	[B-2] \$ 171,838

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

EXHIBIT E-1
(1)

STOW CREEK TOWNSHIP SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2011)

	<u>NCLB</u>			<u>Sub-Total Per E-1(2)</u>	<u>Sub-Total Per E-1(3)</u>	<u>Totals</u>	
	<u>Title I</u>	<u>Title II A</u>	<u>Title II D</u>			<u>2012</u>	<u>2011</u>
REVENUES:							
Federal Sources	\$ 25,510	\$ 4,354	\$ 61	\$ 107,766	\$	\$ 137,691	\$ 70,526
State Sources					34,147	34,147	30,784
Total Revenues	25,510	4,354	61	107,766	34,147	171,838	101,310
EXPENDITURES:							
Instruction:							
Salaries of Teachers	16,148			56		16,204	14,931
Purchased Professional and Technical Services					17,258	17,258	10,430
Purchased Professional Educational Services							3,571
General Supplies				19,269		19,269	22,602
Textbooks					6,287	6,287	4,173
Other Purchased Serv.				35,196	10,602	45,798	13,040
Total Instruction	16,148			54,521	34,147	104,816	68,747
Support Services:							
Employee Benefits	9,362					9,362	2,103
Purchased Professional Educational Services		2,949		33,199		36,148	30,460
Other Purchased Services		1,405	61			1,466	
Total Support Services	9,362	4,354	61	33,199		46,976	32,563
Facilities Acquisition/Construction:							
Instructional Equipment				20,046		20,046	
Total Facilities Acquisition/Construction				20,046		20,046	
Total Expenditures	\$ 25,510	\$ 4,354	\$ 61	\$ 107,766	\$ 34,147	\$ 171,838	\$ 101,310

EXHIBIT E-1
(2)

STOW CREEK TOWNSHIP SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2011)

	<u>IDEA Basic Flow- Through</u>	<u>IDEA Preschool Program</u>	<u>IDEA ARRA Program</u>	<u>REAP</u>		<u>Totals 2012</u>
	<u>2012</u>	<u>2011</u>				
REVENUES:						
Federal Sources	\$ 67,440	\$ 955	\$ 27,540	\$ 2,221	\$ 9,610	\$ 107,766
State Sources						
Total Revenues	67,440	955	27,540	2,221	9,610	107,766
EXPENDITURES:						
Instruction:						
Salaries of Teachers					56	56
Purchased Professional and Technical Services						
Purchased Professional Educational Services						
General Supplies			7,494	2,221	9,554	19,269
Textbooks						
Other Purchased Serv.	35,196					35,196
Total Instruction	35,196		7,494	2,221	9,610	54,521
Support Services:						
Employee Benefits						
Purchased Professional Educational Services	32,244	955				33,199
Other Purchased Services						
Total Support Services	32,244	955				33,199
Facilities Acquisition/Construction:						
Instructional Equipment			20,046			20,046
Total Facilities Acquisition/Construction			20,046			20,046
Total Expenditures	\$ 67,440	\$ 955	\$ 27,540	\$ 2,221	\$ 9,610	\$ 107,766

STOW CREEK TOWNSHIP SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2011)

	N.J. Nonpublic Nursing	N.J. Nonpublic Textbook Aid	N.J. Nonpublic Auxiliary Services		N.J. Nonpublic Handicapped Services			Totals 2012
			Compensatory Education	Transportation	Supplem. Instruction	Corrective Speech	Services Exam and Classification	
REVENUES:								
Federal Sources	\$	\$	\$	\$	\$	\$	\$	\$
State Sources	9,216	6,287	9,895	1,386	702	5,213	1,448	34,147
Total Revenues	9,216	6,287	9,895	1,386	702	5,213	1,448	34,147
EXPENDITURES:								
Instruction:								
Salaries of Teachers								
Purchased Professional and Technical Services			9,895		702	5,213	1,448	17,258
Purchased Professional Educational Services								
General Supplies								
Textbooks		6,287						6,287
Other Purchased Services	9,216			1,386				10,602
Total Instruction	9,216	6,287	9,895	1,386	702	5,213	1,448	34,147
Support Services:								
Employee Benefits								
Purchased Educational Services								
Other Purchased Services								
Total Support Services								
Facilities Acquisition/Construction:								
Instructional Equipment								
Total Facilities Acquisition/Construction								
Total Expenditures	\$ 9,216	\$ 6,287	\$ 9,895	\$ 1,386	\$ 702	\$ 5,213	\$ 1,448	\$ 34,147

CAPITAL PROJECTS FUND DETAIL STATEMENT

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES
For the Fiscal Year Ended JUNE 30, 2012**

Project Title/Issue	Original Date	Appropriations	Expenditures to Date		Project Closeout/ Cancellation	Unexpended Balance JUNE 30, 2012
			Prior Years	Current Year		
NJEFCA Grant Boiler Replacement	2/26/09	\$ 321,936	\$ 202,531	\$	\$	\$ 119,405
		\$ 321,936	\$ 202,531	\$	\$	\$ 119,405
			Encumbrances		\$ 3,994	
			Unrealized State Aid		59,777	
						\$ 63,771
			Unrestricted			55,634
						\$ 119,405

EXHIBIT F-2

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
For the Fiscal Year Ended JUNE 30, 2012**

**Revenues and Other Financing
Sources**

State Sources - EFCFA Grant
Transfer from Capital Outlay
Transfer from Capital Reserve

\$

Total revenues

**Expenditures and Other Financing
Uses**

Purchased Professional and
Technical Services
Construction Services

Total Expenditures

Excess (Deficiency) of Revenues Over (Under) Expenditures

Fund Balance - Beginning

63,771

Fund Balance - Ending

\$

63,771

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
BOILER REPLACEMENT
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources - EFCFA Grant	\$ 94,364	\$	\$ 94,364	\$ 149,998
Transfer from Capital Outlay	130,939		130,939	130,939
Transfer from Capital Reserve	40,999		40,999	40,999
Total revenues	266,302		266,302	321,936
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	8,015		8,015	10,000
Construction Services	194,516		194,516	311,936
Total Expenditures	202,531		202,531	321,936
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 63,771	\$	\$ 63,771	\$

Additional Project Information:

Project Number	5070-050-09-1001
Grant Date/Letter of Notification	April 26, 2009
Original Authorized Cost	\$ 321,936
Project Cancellation	
Revised Authorized Cost	321,936
Percentage Increase over Original Authorized Cost	N/A
Percentage completion	100%
Original Target Completion Date	10/15/2009
Revised Target Completion Date	10/15/2009

PROPRIETARY FUND DETAIL STATEMENTS

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

Food Services Fund – This fund provides for the operation of food services for the schools within the school district.

**THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5
AND B-6.**

STOW CREEK TOWNSHIP SCHOOL DISTRICT
FOOD SERVICES ENTERPRISE FUND
COMBINED STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012 AND 2011

	Food Service Fund	After School Childcare	Total	
			2012	2011
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$ 36,500	\$ 8,904	\$ 45,404	\$ 35,687
Accounts Receivable:				
State	16		16	47
Federal	437		437	1,363
Interfund Receivable	8,280		8,280	6,644
Other Program Fees		2,435	2,435	1,725
Inventories	2,264		2,264	2,457
Total Current Assets	47,497	11,339	58,836	47,923
Fixed Assets:				
Equipment	40,927		40,927	51,779
Accumulated Depreciation	(30,357)		(30,357)	(41,224)
Total Fixed Assets	10,570		10,570	10,555
Total Assets	58,067	11,339	69,406	58,478
LIABILITIES:				
Current Liabilities:				
Accounts Payable	23,199		23,199	2,954
Deferred Revenue	1,013		1,013	1,375
Total Current Liabilities	24,212		24,212	4,329
Total Liabilities	24,212		24,212	4,329
NET ASSETS:				
Investment in Fixed Assets	10,570		10,570	10,555
Unrestricted	23,285	11,339	34,624	43,594
Total Net Assets	\$ 33,855	\$ 11,339	\$ 45,194	\$ 54,149

STOW CREEK TOWNSHIP SCHOOL DISTRICT
FOOD SERVICES ENTERPRISE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	Food Service Fund	After School Childcare	Total 2012	2011
OPERATING REVENUES:				
Local Sources:				
Food Sales Reimbursable Programs	\$ 24,503	\$	\$ 24,503	\$ 22,996
Food Sales Non-Reimbursable Programs	22,782		22,782	28,504
After School Childcare Fees		14,038	14,038	15,367
Total Operating Revenue	47,285	14,038	61,323	66,867
OPERATING EXPENSES:				
Salaries	31,543	13,332	44,875	41,300
Supplies and Materials	6,181	708	6,889	20,930
Cost of Sales	30,868		30,868	14,947
Management Fee	12,500		12,500	12,500
Miscellaneous	2,140	1,500	3,640	3,602
Depreciation	1,289		1,289	1,236
Total Operating Expenses	84,521	15,540	100,061	94,515
Operating Income/(Loss)	(37,236)	(1,502)	(38,738)	(27,648)
NON-OPERATING REVENUES:				
State Sources:				
State School Lunch Program	546		546	645
State - Other				120
Federal Sources:				
National School Lunch Program	13,310		13,310	15,324
School Breakfast Program	2,370		2,370	6,241
Food Distribution Program	5,294		5,294	7,631
Prior Year Order Adjustment	1,304		1,304	11,408
Interest	300		300	177
Total Non-Operating Revenues	23,124		23,124	41,546
Change in Net Assets Before Operating Transfers				
In/(out)	(14,112)	(1,502)	(15,614)	13,898
Operating Transfer In - General Fund	6,659		6,659	5,053
Net (Loss) Income	(7,453)	(1,502)	(8,955)	18,951
Net Assets - July 1	41,308	12,841	54,149	35,198
Net Assets - June 30	\$ 33,855	\$ 11,339	\$ 45,194	\$ 54,149

STOW CREEK TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING STATEMENT OF CASH FLOWS
AS OF JUNE 30, 2012

	<u>Food Service Fund</u>	<u>After School Childcare</u>	<u>Total</u>	
			<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities:				
Operating Income (Loss)	\$ (37,236)	\$ (1,502)	\$ (38,738)	\$ (27,648)
Adjustments to Reconcile Operating Income (Loss) to Cash Used by Operating Activities:				
Depreciation	1,289		1,289	1,236
Change in Assets and Liabilities:				
Decrease/(Increase) in Accounts Receivable	957	(710)	247	2,911
Decrease/(Increase) in Interfund Receivable	(1,636)		(1,636)	5,604
Decrease/(Increase) in Inventory	193		193	323
Increase/(Decrease) in Accounts Payable	20,245		20,245	(14,087)
Increase/(Decrease) in Interfund Accounts Payable				(2,597)
Increase/(Decrease) in Deferred Revenue	(362)		(362)	(266)
Net Cash Used by Operating Activities	(16,550)	(2,212)	(18,762)	(34,524)
Cash Flows from Noncapital Financing Activities				
Operating Transfer In-General Fund	6,659		6,659	5,053
Cash Received from State and Federal Reimbursements	21,520		21,520	29,961
Prior Year Order Adjustment				11,408
Net Cash Provided by Noncapital Financing Activities	28,179		28,179	46,422
Net Cash Used by Capital Financing Activities				
Purchase of Fixed Assets				
Net Cash Used by Capital Financing Activities				
Cash Flows from Investing Activities				
Interest and Dividends	300		300	177
Net Cash Provided from Investing Activities	300		300	
Net Increase (Decrease) in Cash	11,929	(2,212)	9,717	12,075
Cash and Cash Equivalents, July 1	24,571	11,116	35,687	23,612
Cash and Cash Equivalents, June 30	\$ 36,500	\$ 8,904	\$ 45,404	\$ 35,687

FIDUCIARY FUNDS DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments an/or other funds.

Student Activity Fund – This agency fund is used to account for student funds held at the schools.

Payroll Fund – This agency fund is used to account for the payroll transactions of the school district.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2011)

	<u>Trust Funds</u>		<u>Agency Funds</u>			
	<u>Unemployment Compensation Trust</u>		<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>	
					<u>2012</u>	<u>2011</u>
ASSETS:						
Cash and Cash Equivalents	\$ 24,145	\$	17,515	\$ 45,081	\$ 86,741	\$ 68,518
Due from Unemployment Account				6	6	6
Total Assets	<u>\$ 24,145</u>	<u>\$</u>	<u>17,515</u>	<u>\$ 45,087</u>	<u>\$ 86,747</u>	<u>\$ 68,524</u>
LIABILITIES AND FUND BALANCES:						
Liabilities:						
Due to Student Groups	\$	\$	17,515	\$	17,515	\$ 16,082
Accounts Payable						200
Due to Payroll Account	6				6	6
Payroll Deductions and Withholdings				42,449	42,449	15,873
Interfunds Accounts Payable						
General Fund				2,638	2,638	2,274
Total Liabilities	<u>6</u>	<u>\$</u>	<u>17,515</u>	<u>\$ 45,087</u>	<u>62,608</u>	<u>34,435</u>
NET ASSETS:						
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 24,139</u>				<u>\$ 24,139</u>	<u>\$ 34,089</u>

STOW CREEK TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Unemployment Compensation Trust
ADDITIONS:	
Contributions:	
Plan Member	\$ _____
Total Contributions	
Investments and Earnings:	
Interest	50
Total Additions	50
DEDUCTIONS:	
Unemployment Claims	10,000
Total Deductions	10,000
Change in Net Assets	(9,950)
Net Assets -- July 1	34,089
Net Assets -- June 30	\$ 24,139

The accompanying Notes to Financial Statements are an integral part of this statement.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Balance July 1, 2011	Cash Receipts	Cash Disbursements	Accounts Payable	Balance June 30, 2012
ELEMENTARY SCHOOL	\$ 16,082	\$ 19,910	\$ 18,477	\$	\$ 17,515
Principal's Fund					\$ 5,617
National Jr. Honor Society					194
Swimming Program Fund					2,934
Music Fund					1,608
Class of 2015					1,227
Class of 2014					1,664
Class of 2013					934
Sport					14
Yearbook					3,127
Safety Patrol					196
Total					<u>\$ 17,515</u>

STOW CREEK TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>
ASSETS:				
Cash and Cash Equivalents	\$ 18,141	\$ 1,381,144	\$ 1,354,204	\$ 45,081
Due from Unemployment Account	6			6
	<u>\$ 18,147</u>	<u>\$ 1,381,144</u>	<u>\$ 1,354,204</u>	<u>\$ 45,087</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 15,873	\$ 1,380,780	\$ 1,354,204	\$ 42,449
Agency Accounts Payable				
Interfund Payable				
Due General Fund	<u>2,274</u>	<u>364</u>		<u>2,638</u>
Total Liabilities	<u>\$ 18,147</u>	<u>\$ 1,381,144</u>	<u>\$ 1,354,204</u>	<u>\$ 45,087</u>

STATISTICAL SECTION

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities									
Invested in Capital Assets, Net of Related Debt	\$ 16,848	\$ 56,500	\$ 80,830	\$ 85,166	\$ 144,484	\$ 150,824	\$ 302,540	\$ 336,802	\$ 185,061
Restricted	255,643	115,345	158,538	121,810	80,709	191,860	60,638	169,241	112,204
Unrestricted	46,440	46,513	48,293	125,110	209,719	113,740	130,399	29,293	116,671
Total Governmental Activities Net Assets	<u>\$ 318,931</u>	<u>\$ 218,358</u>	<u>\$ 287,661</u>	<u>\$ 332,086</u>	<u>\$ 434,912</u>	<u>\$ 456,424</u>	<u>\$ 493,577</u>	<u>\$ 535,336</u>	<u>\$ 413,936</u>
Business-Type Activities									
Invested in Capital Assets, Net of Related Debt	\$ 4,787	\$ 3,820	\$ 3,007	\$ 2,194	\$ 1,380	\$ 6,877	\$ 11,791	\$ 10,555	\$ 10,570
Unrestricted	17,630	21,389	18,944	24,267	14,358	17,558	23,407	43,594	34,624
Total Business-Type Activities Net Assets	<u>\$ 22,417</u>	<u>\$ 25,209</u>	<u>\$ 21,951</u>	<u>\$ 26,461</u>	<u>\$ 15,738</u>	<u>\$ 24,435</u>	<u>\$ 35,198</u>	<u>\$ 54,149</u>	<u>\$ 45,194</u>
District-Wide									
Invested in Capital Assets, Net of Related Debt	\$ 21,635	\$ 60,320	\$ 83,837	\$ 87,360	\$ 145,864	\$ 157,701	\$ 314,331	\$ 347,357	\$ 195,631
Restricted	255,643	115,345	158,538	121,810	80,709	191,860	60,638	169,241	112,204
Unrestricted	64,070	67,902	67,237	149,377	224,077	131,298	153,806	72,887	151,295
Total District-Wide Net Assets	<u>\$ 341,348</u>	<u>\$ 243,567</u>	<u>\$ 309,612</u>	<u>\$ 358,547</u>	<u>\$ 450,650</u>	<u>\$ 480,859</u>	<u>\$ 528,775</u>	<u>\$ 589,485</u>	<u>\$ 459,130</u>

Source: CAFR Schedule A-1

STOW CREEK TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses									
Governmental Activities									
Instruction									
Regular	\$ 607,954	\$ 597,167	\$ 500,279	\$ 614,645	\$ 693,576	\$ 700,303	\$ 685,746	\$ 544,178	\$ 650,999
Special Education	41,086	58,283	102,397	106,534	93,821	98,432	46,173	45,708	46,051
Other					40,410	52,256	33,314	106,330	68,979
Support Services									
Tuition	76,931	121,266	140,324	141,014	50,199	52,635	155,839	119,491	86,775
Student and Instruction Related Services	119,677	140,743	169,051	136,256	126,371	123,791	155,446	145,602	138,026
General Administrative Services	152,124	114,061	120,558	115,867	119,487	119,369	103,971	120,182	121,536
School Administrative Services	25,227	13,616	16,726	15,889	26,261	24,091	22,458	24,544	21,520
Central Services		35,426	34,911	35,681	37,382	35,603	32,838	28,267	26,671
Plant Operations and Maintenance	131,691	144,333	143,272	139,736	146,439	196,026	173,289	172,945	160,286
Pupil Transportation	119,477	132,315	86,196	110,248	114,194	106,019	112,227	144,566	167,708
Other Support Services	378,576	361,569	420,668	481,753	499,114	401,786	439,145	377,227	468,029
Unallocated depreciation	3,997	7,446	10,402	10,019	17,723	32,939	38,567	46,037	5,016
Total Governmental Activities Expenses	1,656,740	1,726,225	1,744,784	1,907,642	1,964,977	1,943,250	1,999,013	1,875,077	1,961,596
Business-Type Activities									
Food Service	66,225	75,529	76,047	80,596	74,689	94,910	92,516	79,837	84,521
Child Care	12,943	13,148	14,150	12,083	13,574	13,798	16,831	14,678	15,540
Total Business-Type Activities Expense	79,168	88,677	90,197	92,679	88,263	108,708	109,347	94,515	100,061
Total District Expenses	\$ 1,735,908	\$ 1,814,902	\$ 1,834,981	\$ 2,000,321	\$ 2,053,240	\$ 2,051,958	\$ 2,108,360	\$ 1,969,592	\$ 2,061,657
Program Revenues									
Governmental Activities									
Operating Grants and Contributions	\$ 260,038	\$ 243,194	\$ 247,801	\$ 327,316	\$ 377,118	\$ 240,618	\$ 214,446	\$ 200,495	\$ 273,172
Total Governmental Activities Program Revenues	260,038	243,194	247,801	327,316	377,118	240,618	214,446	200,495	273,172
Business-Type Activities									
Charges for Services									
Food Service	23,660	29,391	43,335	44,613	30,145	45,470	50,432	51,500	47,285
Child Care	17,207	18,592	11,254	15,110	13,732	10,213	17,236	15,367	14,038
Operating Grants and Contributions	20,622	25,110	24,502	21,885	22,663	28,655	29,187	29,961	21,520
Total Business-Type Activities Program Revenues	61,489	73,093	79,091	81,608	66,540	84,338	96,855	96,828	82,843
Total District Program Revenues	\$ 321,527	\$ 316,287	\$ 326,892	\$ 408,924	\$ 443,658	\$ 324,956	\$ 311,301	\$ 297,323	\$ 356,015
Net (Expense)/Revenue	\$ (1,396,702)	\$ (1,483,031)	\$ (1,496,983)	\$ (1,580,326)	\$ (1,587,859)	\$ (1,702,632)	\$ (1,784,567)	\$ (1,674,582)	\$ (1,688,424)
Business-Type Activities	(17,679)	(15,584)	(11,106)	(11,071)	(21,723)	(24,370)	(12,492)	2,313	(17,218)
Total District-Wide Net Expense	\$ (1,414,381)	\$ (1,498,615)	\$ (1,508,089)	\$ (1,591,397)	\$ (1,609,582)	\$ (1,727,002)	\$ (1,797,059)	\$ (1,672,269)	\$ (1,705,642)
General Revenues and Other Changes in Net Assets									
Governmental Activities									
Property Taxes Levied for General Purposes, Net	\$ 510,000	\$ 573,750	\$ 681,791	\$ 772,579	\$ 803,479	\$ 835,492	\$ 858,692	\$ 880,526	\$ 880,526
Unrestricted Grants and Contributions	784,936	791,238	810,355	815,246	849,369	848,581	973,255	798,174	863,689
Restricted Grants, Tuition and Contributions	21,912	20,319	4,095						
Tuition Received			29,332	15,200	12,440	11,440	4,465	7,545	2,880
Transportation Fees Received			17,307	1,890	4,500	882	6,408	31,500	32,130
Investment Earnings			1,571	15,811	9,206	1,258			
Miscellaneous Income	7,271	14,965	11,838	4,669	27,499	19,460	2,155	3,649	10,151
Donated Capital Assets			16,998	14,355					
Prior Year Adjustment	(151,563)				(4,808)	33,621			(215,693)
Transfers	(18,553)	(17,814)	(7,000)	(15,000)	(11,000)	(26,590)	(23,255)	(5,053)	(6,659)
Total Governmental Activities	1,154,003	1,382,458	1,566,287	1,624,750	1,690,685	1,724,144	1,821,720	1,716,341	1,567,024
Business-Type Activities									
Investment and Miscellaneous Earnings	144	563	848	581		6,477		11,585	1,604
Transfers	18,553	46,261	7,000	15,000	11,000	26,590	23,255	5,053	6,659
Total Business-Type Activities	18,697	46,824	7,848	15,581	11,000	33,067	23,255	16,638	8,263
Total District-Wide	\$ 1,172,700	\$ 1,429,282	\$ 1,574,135	\$ 1,640,331	\$ 1,701,685	\$ 1,757,211	\$ 1,844,975	\$ 1,732,979	\$ 1,575,287
Change in Net Assets									
Governmental Activities	\$ (242,699)	\$ (100,573)	\$ 69,304	\$ 44,424	\$ 102,826	\$ 21,512	\$ 37,153	\$ 41,759	\$ (121,400)
Business-Type Activities	1,018	31,240	(3,258)	4,510	(10,723)	8,697	10,763	18,951	(8,955)
Total District-Wide	\$ (241,681)	\$ (69,333)	\$ 66,046	\$ 48,934	\$ 92,103	\$ 30,209	\$ 47,916	\$ 60,710	\$ (130,355)

Source: CAFR Schedule A-2

STOW CREEK TOWNSHIP SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund									
Reserved	\$ 233,936	\$ 109,862	\$ 153,055	\$ 117,207	\$ 99,018	\$ 99,904	\$ 12,216	\$ 112,084	\$ 62,732
Unreserved	63,940	60,513	62,293	135,610	225,518	229,480	144,704	54,516	139,261
Total General Fund	<u>\$ 297,876</u>	<u>\$ 170,375</u>	<u>\$ 215,348</u>	<u>\$ 252,817</u>	<u>\$ 324,536</u>	<u>\$ 329,384</u>	<u>\$ 156,920</u>	<u>\$ 166,600</u>	<u>\$ 201,993</u>
All Other Governmental Funds									
Reserved	\$ 21,912	\$ 5,688	\$ 5,688	\$ 4,808	\$	\$	\$ 63,771	\$ 63,771	\$ 63,771
Unreserved, Reported in:									
Special Revenue Fund	(205)	(205)	(205)	(205)	(980)				
Total All Other Governmental Funds	<u>\$ 21,707</u>	<u>\$ 5,483</u>	<u>\$ 5,483</u>	<u>\$ 4,603</u>	<u>\$ (980)</u>	<u>\$ -</u>	<u>\$ 63,771</u>	<u>\$ 63,771</u>	<u>\$ 63,771</u>

Source: CAFR Schedule B-1

STOW CREEK TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Tax Levy	\$ 468,392	\$ 510,000	\$ 573,750	\$ 681,791	\$ 772,579	\$ 803,479	\$ 835,492	\$ 858,692	\$ 880,526	\$ 880,526
Tuition Charges				29,332	15,200	12,440	11,440	4,465	7,545	2,880
Transportation Charges						4,500	882	6,408	31,500	32,130
Interest Earnings				17,307	1,890	9,206	1,258			
Miscellaneous	13,417	7,271	14,965	13,409	20,480	27,499	19,460	2,155	3,649	10,151
Local Sources					1,520	963	729			
State Sources	896,132	1,018,291	1,007,725	1,011,083	1,068,380	1,142,875	1,011,171	1,018,738	928,143	982,074
Federal Sources	53,421	48,594	47,025	51,169	72,662	82,649	77,299	168,963	70,526	154,787
Total Revenues	1,431,362	1,584,156	1,643,465	1,804,091	1,952,711	2,083,611	1,957,731	2,059,421	1,921,889	2,062,548
Expenditures										
Instruction										
Regular Instruction	598,221	635,582	600,667	500,279	614,665	693,576	700,303	685,746	544,178	636,653
Special Education Instruction	100,890	41,085	58,283	102,397	106,534	93,821	98,432	46,173	45,708	46,051
Other Instruction						40,410	52,256	33,314	106,330	68,979
Support Services										
Tuition	47,561	76,931	121,265	140,324	141,014	50,199	52,635	155,839	119,491	86,775
Student and Instruction Related Services	70,060	84,549	140,743	169,051	136,256	126,371	123,791	155,446	145,602	138,026
General Administration	107,914	117,124	114,061	120,558	115,867	119,487	119,369	103,971	120,182	121,040
School Administrative Services	24,977	25,227	13,616	16,726	15,889	26,261	24,091	22,458	24,544	21,520
Central Services		35,000	35,426	34,911	35,681	37,382	35,603	32,838	28,267	26,671
Plant Operations and Maintenance	145,975	131,691	144,333	143,272	139,735	146,439	196,026	173,289	172,945	158,069
Pupil Transportation	68,219	111,977	132,315	86,196	110,248	114,194	106,019	112,227	144,566	150,626
Employee Benefits	296,992	378,576	361,569	420,668	485,253	476,486	411,130	421,027	380,648	461,341
Other	23,212									
Capital Outlay	38,285		47,098	17,735		77,041	5,658	202,531	74,695	104,745
Total Expenditures	1,522,306	1,637,742	1,769,376	1,752,117	1,901,142	2,001,667	1,925,313	2,144,859	1,907,156	2,020,496
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(90,944)	(53,586)	(125,911)	51,974	51,569	81,944	32,418	(85,438)	14,733	42,052
Other Financing Sources (Uses)										
Transfers Out		#	(18,553)	(17,814)	(7,000)	(11,000)	(26,590)	(23,255)	(5,053)	(6,659)
Prior Year Adjustment		#				(4,808)				
Total Other Financing Sources (Uses)			(18,553)	(17,814)	(7,000)	(15,808)	(26,590)	(23,255)	(5,053)	(6,659)
Net Change in Fund Balances	\$ (90,944)	# (53,586)	\$ (144,464)	\$ 34,160	\$ 44,569	\$ 66,136	\$ 5,828	\$ (108,693)	\$ 9,680	\$ 35,393
Debt Service as a Percentage of Noncapital Expenditures	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

Source: CAFR Schedule B-2

STOW CREEK TOWNSHIP SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	Interest on Investments	Tuition	Transport- ation	Prior Year Revenue	Transfer from After School Care	Prior Year Refunds	Misc.	Total
2012	\$ 2,618	\$ 2,880	\$ 32,130	\$	\$	\$ 4,447	\$ 3,086	\$ 45,161
2011	945	7,545	31,500				2,704	42,694
2010		4,465	6,408			4,151	(1,996)	13,028
2009	1,258	11,440	882	1,600		17,244	616	33,040
2008	9,206	12,440	4,500	2,700		19,138	5,661	53,645
2007	15,811			1,860			2,809	20,480
2006	8,893			2,026			2,490	13,409
2005	5,164			8,509			1,292	14,965
2004	4,469						2,802	7,271
2003	8,253						5,165	13,418

Source: District Records

STOW CREEK TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual County Equalized Value
2012	\$ 1,091,300	\$ 47,050,600	\$ 26,309,400	\$ 3,440,200	\$ 2,886,000		\$	\$ 80,777,500	\$ 338,097	\$ 81,115,597	\$ 1.813	\$ 112,224,124
2011	1,230,300	47,044,200	26,049,000	3,471,300	3,137,300			80,932,100	332,500	81,264,600	1.826	119,487,463 *
2010	755,100	46,201,700	26,181,100	3,512,000	3,174,300			79,824,200	395,286	80,219,486	1.836	116,943,556
2009	784,000	46,218,400	25,864,600	3,490,100	3,177,900			79,535,000	453,399	79,988,399	1.687	113,537,433
2008	1,271,800	45,836,900	25,543,500	3,443,100	3,212,900			79,308,200	537,015	79,845,215	1.570	87,920,303
2007	819,800	45,232,800	25,375,700	3,501,600	3,212,900			78,142,800		78,142,800	1.023	95,076,364
2006	763,500	44,458,100	24,880,500	3,509,700	2,617,300			76,229,100		76,229,100	1.008	86,625,829
2005	823,000	43,662,000	25,042,400	3,476,200	2,708,600			75,712,200		75,712,200	0.894	80,587,911
2004	731,700	43,169,500	23,700,100	3,531,400	2,708,600			73,841,300		73,841,300	0.771	69,146,616
2003	765,500	42,562,900	23,607,300	3,625,000	2,738,600			73,299,300		73,299,300	0.690	71,588,086

Source: District records Tax list summary & Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

^a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

^b Tax rates are per \$100

* Estimate

STOW CREEK TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate Per \$100 of Assessed Value)

Year Ended June 30,	Stow Creek Township and Regional Boards of Education			Overlapping Rates			
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	STOW CREEK Township	Cumberland County	REAP CREDIT	Total
2012	\$ 1.813	\$ 0.000	\$ 1.813	\$ 0.218	\$ 1.324	\$	\$ 3.355
2011	1.826	0.000	1.826	0.211	1.411		3.448
2010	1.836	0.000	1.836	0.208	1.451		3.495
2009	1.687	0.000	1.687	0.200	1.274		3.161
2008	1.023	0.000	1.570	0.178	1.050	0.710	3.508
2007	1.008	0.000	1.023	0.144	1.195	0.710	3.072
2006	0.894	0.000	1.008	0.144	1.174	0.751	3.077
2005	0.771	0.000	0.894	0.090	1.100	0.737	2.821
2004	0.690	0.000	0.771	0.091	0.913	0.587	2.362
2003	0.640	0.000	0.690	0.042	0.939	0.580	2.251

Source: District Records and Municipal Tax Collector

Note:

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the pre-budget year net budget by more than the spending growth limitation calculation

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

b Rates for debt service are based on each year's requirements.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2012		2003	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Taxpayer #1	\$ 716,200	0.85%	\$	
Farm-Rite	652,300	0.67%		
Taxpayer #2	550,900	0.62%		
Taxpayer #3	526,100	0.61%		
Taxpayer #4	486,800	0.60%		
Taxpayer #5	477,200	0.58%		
Taxpayer #6	474,700	0.54%		
Taxpayer #7	460,700	0.49%	Not Available	
Taxpayer #8	387,300	0.48%		
Taxpayer #9	380,300	0.46%		
Total	\$ 5,112,500	5.90%	\$ -	-

Source: District CAFR & Municipal Tax Assessor

STOW CREEK TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	% of Levy	
2012	\$ 880,526	\$ 880,526	100%	\$
2011	880,526	#REF!	#REF!	#REF!
2010	858,692	858,692	100%	
2009	835,492	835,492	100%	
2008	803,479	803,479	100%	
2007	772,579	772,579	100%	
2006	681,791	681,791	100%	
2005	573,750	573,750	100%	
2004	510,000	510,000	100%	
2003	468,392	468,392	100%	

Source: District records including the Certificate and Report of School Taxes (A4F form)

Note: School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, the amount voted upon or certified prior to the end of the school year.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

N/A

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^a	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2012	\$	\$	\$	\$	\$			\$
2011								
2010								
2009								
2008								
2007								
2006								
2005								
2004								
2003								

Note: This statement is not applicable the district does not have any debt in any of the years reported herein.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

N/A

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^o
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2012	\$	\$	\$	\$	\$
2011					
2010					
2009					
2008					
2007					
2006					
2005					
2004					
2003					

Note: This statement is not applicable the district does not have any debt in any of the years reported herein.

If a district has resources that are restricted to repaying the principal of debt outstanding, these amounts should be shown in a separate column "Deductions" and be subtracted from the total, and the schedule should be named ratios of net general bonded debt outstanding.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2012

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Township of Stow Creek	\$ -		\$ -
Other debt			
County of Cumberland - Township's share	67,721,951	1.215%	822,511
Cumberland Regional School Debt	11,602,000	6.684%	775,443
Subtotal, Overlapping Debt			<u>1,597,953</u>
STOW CREEK Township School District Direct Debt			<u>-</u>
Total Direct and Overlapping Debt			<u><u>\$ 1,597,953</u></u>

Sources: Stow Creek Township Finance Officer and Salem County Finance Office

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Stow Creek. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2011

	Equalized Valuation Basis	
	2011	\$ 111,970,255
	2010	116,599,766
	2009	125,449,527
	[A]	\$ 354,019,548
Average Equalized Valuation of Taxable Property	[A/3]	\$ 118,006,516
Debt Limit (3% of Average Equalization Value)	[B]	3,540,195 a
Net Bonded School Debt	[C]	-
Legal Debt Margin	[B-C]	\$ 3,540,195

FISCAL YEAR

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	\$ 1,922,902	\$ 1,987,935	\$ 2,143,676	\$ 2,301,098	\$ 2,536,175	\$ 2,616,690	\$ 3,019,972	\$ 3,358,802	\$ 3,671,806	\$ 3,540,195
Total Net Debt Applicable to Limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	\$ 1,922,902	\$ 1,987,935	\$ 2,143,676	\$ 2,301,098	\$ 2,536,175	\$ 2,616,690	\$ 3,019,972	\$ 3,358,802	\$ 3,671,806	\$ 3,540,195
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	-	-	-	-	-	-	-	-	-	-

Source: Abstract of Ratables and District Records CAFR Schedule J-7

a Limit set by NJSA 18A:24-19 for a K through 8 district; oth

STOW CREEK TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Year		Population ⁽¹⁾	Personal Income (thousands of dollars) (2)	Per Capita Personal Income ⁽³⁾	Unemployment Rate ⁽⁴⁾
2012	*	1,441	\$ 49,837,187	35,277	9.60%
2011	*	1,437	48,724,359	34,585	9.60%
2010		1,433	46,916,420	33,907	8.30%
2009		1,534	50,003,798	32,740	7.80%
2008		1,526	46,579,624	32,597	4.40%
2007		1,529	44,831,809	30,524	3.60%
2006		1,527	42,559,017	29,321	4.00%
2005		1,518	41,360,946	27,871	2.60%
2004		1,511	40,230,375	27,247	3.70%
2003		1,486	38,994,126	26,625	4.90%

* Estimate

Source:

- 1 Population information provided by the NJ Dept of Labor and Workforce Development
- 2 Personal income
- 3 Per Capita
- 4 Unemployment data provided by the NJ Dept of Labor and Workforce Development

STOW CREEK TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	2012			2003	
	Employees	Rank	Percentage of Total Employment	Employees	Percentage of Total Employment
Farm Rite	20	1	N/A	N/A	N/A
Les Fogg Tractors	16	2	N/A	N/A	N/A
Mayhews Greenhouses *	12	3	N/A	N/A	N/A
Wide Skye Farms *	12	4	N/A	N/A	N/A
Maelvin R. Dickonson Farms *	10	5	N/A	N/A	N/A
Cruzans Freightliner *	10	6	N/A	N/A	N/A
	N/A	7	N/A	N/A	N/A
	N/A	8	N/A	N/A	N/A
	N/A	9	N/A	N/A	N/A
	N/A	10	N/A	N/A	N/A
	-		N/A	N/A	N/A

* Number of employees will vary seasonally.

**2003 Not Available at Time of Audit

Source: Direct Observation of School District Individual Employers

N/A Information not available

STOW CREEK TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Instruction										
Regular	11.0	10.0	8.0	10.0	10.0	10.5	10.0	10.0	9.7	9.7
Special education	1.0	1.0	3.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0
Other special Education										
Vocational										
Other Instruction	2.7	2.7	1.4	1.4	2.6	2.6	2.6	1.0	1.0	1.0
Nonpublic School Programs										
Adult/Continuing Education Programs										
Support Services:										
Student & Instruction Related Services	1.0	1.0	1.0	1.0	1.3	1.3	1.3	1.0	1.0	1.0
General Administrative Services										
School Administrative Services	2.5	2.5	2.5	2.5	2.1	2.1	2.1	2.1	2.1	2.1
Other Administrative Services										
Central Services										
Administrative Information Technology										
Plant Operations and Maintenance	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Pupil Transportation	0.8	0.8	1.3	1.3	1.5	1.5	1.5	2.0	2.5	2.5
Other Support Services										
Contracted Service - Speech					1.0	0.3	0.3	0.3	0.3	0.3
Special Schools										
Food Service - Contracted										
Totals	20.5	19.5	18.7	19.7	22.0	21.8	21.3	18.9	19.1	19.1

Source: District Personnel Records

STOW CREEK TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio Elementary	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2003	142	\$ 1,637,742	\$ 11,533	16.06%			141.4	135.2	-3.61%	95.62%
2004	140	1,722,278	12,302	6.66%	14.0	10.0 to 1	139.8	133.7	-1.13%	95.64%
2005	136	1,734,383	12,753	3.66%	13.0	10.2 to 1	136.0	130.2	-2.72%	95.74%
2006	143	1,901,123	13,295	4.25%	14.0	10.3 to 1	141.8	135.0	4.26%	95.20%
2004	141	1,901,123	13,483	1.42%	13.5	10.6 to 1	142.6	135.5	0.56%	95.02%
2008	138	1,924,626	13,947	3.44%	14.1	9.8 to 1	137.3	95.7	-3.72%	69.70%
2009	137	1,919,655	14,012	0.47%	14.6	9.4 to 1	136.6	131.0	-0.51%	95.90%
2010	134	1,942,328	14,495	3.45%	12.0	11.2 to 1	134.0	127.0	-1.90%	94.78%
2011	133	1,832,461	13,778	-4.95%	11.7	11.4 to 1	133.0	126.0	-0.75%	94.74%
2012	117	1,915,751	16,374	18.84%	11.7	10.3 to 1	117.0	112.0	-12.03%	95.73%

Sources: District records, ASSA and Schedules J-12, J-14

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1

b Teaching staff includes only full-time equivalents of certificated staff.

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

STOW CREEK TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

<u>District Building</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>Elementary</u>										
Stow Creek Township School (19..)										
Square Feet	20,461	20,461	20,461	20,461	20,461	20,461	20,461	20,461	20,461	20,461
Capacity (Students)	191	191	191	191	191	191	191	191	191	191
Enrollment	142	140	136	143	141	138	137	134	133	117

Number of Schools at JUNE 30, 2012

Elementary = 1

Source: District records, ASSA

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of any additions. Enrollment is based on the annual October district count.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
(UNAUDITED)

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-XXX

<u>School Facilities</u>	<u>Project #</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Stow Creek Township School		\$ 9,425	\$ 18,698	\$ 16,094	\$ 17,419	\$ 17,419	\$ 24,745	\$ 35,289	\$ 29,050	\$ 51,496	\$ 92,594
Total School Facilities		<u>9,425</u>	<u>18,698</u>	<u>16,094</u>	<u>17,419</u>	<u>17,419</u>	<u>24,745</u>	<u>35,289</u>	<u>29,050</u>	<u>51,496</u>	<u>92,594</u>
Other Facilities											
Grand Total		<u>\$ 9,425</u>	<u>\$ 18,698</u>	<u>\$ 16,094</u>	<u>\$ 17,419</u>	<u>\$ 17,419</u>	<u>\$ 24,745</u>	<u>\$ 35,289</u>	<u>\$ 29,050</u>	<u>\$ 51,496</u>	<u>\$ 92,594</u>

STOW CREEK TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

Company	Type of Coverage	Coverage	Deductible
New Jersey School Boards Association Insurance Group School Package Policy			
	Blanket Real and Personal Property	\$ 500,000,000	\$ 1,000
	Extra Expense	50,000,000	1,000
	Valuable Papers & Records	10,000,000	1,000
	Flood	10,000,000	500,000
	Earthquake	50,000,000	
	Demolition and Increased Cost of Construction	10,000,000	
	Electronic Data Processing	150,000	1,000
	Boiler & Machinery	100,000,000	1,000
	Commercial General Liability:		
	Aggregate	16,000,000	1,000
	Commercial Automobile Liability	16,000,000	1,000
	Professional Umbrella Liability	5,000,000	
	Professional Liability	1,000,000	5,000
	Public Employee Dishonesty - Per Loss & Faithful Performance	25,000	500
	Money and Securities	5,000	500
	Loss of Income	10,000	
Workers Compensation			
	Each Accident	2,000,000	
	Disease per Employee	2,000,000	
	Disease Policy Limit	2,000,000	
Markel Insurance Company			
Student Accident Coverage			
	Accidental Death Principal Sum	10,000	
	Medical Expense	1,000,000	
	Accidental Dismemberment	50,000	
	Accident Medical Expense Benefit	1,000,000	
American International Company - AIG			
Student Accident Coverage			
	Catastrophic Cash Benefit	1,000,000	
C.N.A Surety			
Surety Bonds			
	Treasurer of School Monies	125,000	
	Board Secretary/Business Administrator	2,000	

SINGLE AUDIT SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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September 27, 2012

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable President and
Members of the Board of Education
Stow Creek Township School District
County of Cumberland, New Jersey 08079

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Stow Creek Township School District, in the County of Cumberland, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the Board of Education of the Stow Creek Township Board of Education's basic financial statements and have issued our report thereon dated September 27, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of the Board of Education of the Stow Creek Township School District, in the County of Cumberland, State of New Jersey, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Stow Creek Township Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Stow Creek Township Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Stow Creek Township Board of Education's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Stow Creek Township Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under **Government Auditing Standards** and audit requirements as prescribed by the office of School Finance, Department of Education and Regulatory Compliance, State of New Jersey.

However, we noted two other immaterial matters that were reported to the Board of Education of the Stow Creek Township School District in a separate report entitled, Auditor's Management Report on Administrative Findings-Financial Compliance and Performance dated September 27, 2012.

This report is intended solely for the information and use of the audit committee, management, the Stow Creek Township Board of Education, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915

NIGHTLINGER, COLAVITA & VOLPA

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September 27, 2012

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH NEW JERSEY OMB CIRCULAR 04-04

The Honorable President and
Members of the Board of Education
Stow Creek Township School District
County of Cumberland, New Jersey 08079

Compliance

We have audited the Board of Education of the Stow Creek Township School District, in the County of Cumberland, State of New Jersey, compliance with the types of compliance requirements described in the ***New Jersey State Aid/Grant Compliance Supplement*** that are applicable to each of its major state programs for the fiscal year ended June 30, 2012. The Stow Creek Township Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Stow Creek Township Board of Education's management. Our responsibility is to express an opinion on the Stow Creek Township Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and New Jersey OMB's Circular 04-04, ***Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid***. Those standards and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Stow Creek Township Board of Education's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Stow Creek Township Board of Education's compliance with those requirements.

In our opinion, the Board of Education of the Stow Creek Township School District, in the County of Cumberland, State of New Jersey, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2012.

Internal Control Over Compliance

Management of the Stow Creek Township School District's Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Stow Creek Township Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with New Jersey OMB's 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Stow Creek Township School District's Board of Education's internal control over compliance.

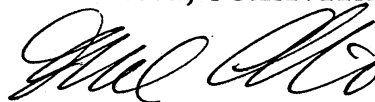
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, the Stow Creek Township Board of Education, the New Jersey State Department of Education, other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915

**TOWNSHIP OF STOW CREEK SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SCHEDULE A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Federal Grantor/Pass-Through Grant Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant From	Period To	Balance at June 30, 2011			Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjust - ments	Balance at June 30, 2012		
						Accounts Receivable	Deferred Revenue	Due to Grantor					Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Department of Education															
Passed-through State Department of Education:															
Special Revenue Fund:															
Title I, Part A	84.010A	NCLB 5070-11	17,046	9/1/10	8/31/11	\$ (8,662)				\$ 8,122				\$ (540)	
Title I, Part A	84.010A	NCLB 5070-12	32,509	9/1/11	8/31/12					13,909	\$ (25,510)			(11,601)	
Title II, Part A	84.367A	NCLB 5070-10	5,818	9/1/09	8/31/10	(934)				934					
Title II, Part A	84.367A	NCLB 5070-11	5,462	9/1/10	8/31/11	(1,259)				1,159		\$ 100			
Title II, Part A	84.367A	NCLB 5070-12	7,867	9/1/11	8/31/12					2,405	(4,354)			(1,949)	
Title II, Part D Technology	84.318X	NCLB 5070-11	61	9/1/10	8/31/11	(55)				123		(68)			
Title II, Part D Technology	84.318X	NCLB 5070-12	61	9/1/11	8/31/12						(61)			(61)	
I.D.E.A. Part B, Basic Regular	84.027	IDEA507009	59,700	9/1/08	8/31/09		\$ 3,745					(3,745)			
I.D.E.A. Part B, Basic Regular	84.027	IDEA507011	61,234	9/1/10	8/31/11		27					(27)			
I.D.E.A. Part B, Basic Regular	84.027	IDEA507012	80,181	9/1/11	8/31/12					67,407	(67,440)	33			
I.D.E.A. Part B, Pre-School	84.173	IDEA507012	955	9/1/11	8/31/12					955	(955)				
I.D.E.A. ARRA Basic	84.391	IDEA507012	59,552	7/1/09	8/31/11					27,540	(27,540)				
Teacher Mentoring	84.336A	NA	180	9/1/04	6/30/05		180					(180)			
Teacher Mentoring	84.336A	NA	325	9/1/06	6/30/07		325					(325)			
Rural Education	84.358B	S358A093997	21,244	9/1/09	8/31/10	(7,962)				12,888				\$ 4,926	
Rural Education	84.358B	S358A103997	21,291	9/1/10	8/31/11	(6,762)				19,839	(9,610)			3,467	
Rural Education	84.358B	S358A113997	19,205	07/1/11	9/30/12					11,775	(2,221)			9,554	
Total Special Revenue Fund						(25,634)	4,277			167,056	(137,691)	(4,212)	(14,151)	17,947	
Capital Projects Fund :															
NJEFCFA Grant	N/A	5070-50-19-1001	149,998	4/26/09	Closing	(94,364)							(94,364)		
U.S. Department of Agriculture															
Passed-through State Department of Education:															
Enterprise Fund:															
Food Distribution Program	10.565	NA	7,365	7/1/10	6/30/11		1,375				(1,375)				
Food Distribution Program	10.566	NA	4,932	7/1/11	6/30/12					4,932	(3,919)			1,013	
National School Breakfast Program	10.553	NA	6,241	7/1/10	6/30/11	(392)				392					
National School Breakfast Program	10.553	NA	2,370	7/1/11	6/30/12					2,299	(2,370)		(71)		
National School Lunch Program	10.555	NA	15,324	7/1/10	6/30/11	(971)				971					
National School Lunch Program	10.555	NA	13,310	7/1/11	6/30/12					12,944	(13,310)		(366)		
Total Enterprise Fund						(1,363)	1,375			21,538	(20,974)		(437)	1,013	
Total Federal Financial Assistance						\$ (121,361)	\$ 5,652	\$	\$	\$ 188,594	\$ (158,665)	\$ (4,212)	\$ (108,952)	\$ 18,960	\$

See accompanying notes to schedules of financial assistance

EXHIBIT K-4

**TOWNSHIP OF STOW CREEK SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (SCHEDULE B)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To		Balance at June 30, 2011	Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repaymt of Prior Year Balances	Balances at June 30, 2012			MEMO		
											(Accounts Receivable)	Deferred Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education																
General Fund:																
Equalization Aid	12-495-034-5120-078	\$589,305	7/1/11	6/30/12				\$541,651	(\$589,305)		(\$47,654)		*	(\$47,654)	\$589,305	
Equalization Aid	11-495-034-5120-078	589,305	7/1/10	6/30/11	(\$48,144)			48,144								
Transportation Aid	12-495-034-5120-014	50,423	7/1/11	6/30/12				46,346	(50,423)		(\$4,077)		*	(4,077)	50,423	
Transportation Aid	11-495-034-5120-014	50,423	7/1/10	6/30/11	(4,120)			4,120								
Special Education Categorical Aid	12-495-034-5120-089	66,206	7/1/11	6/30/12				60,852	(66,206)		(\$5,354)		*	(5,354)	66,206	
Special Education Categorical Aid	11-495-034-5120-089	66,206	7/1/10	6/30/11	(5,409)			5,409								
Security Aid	11-495-034-5120-084	15,939	7/1/11	6/30/12				14,650	(15,939)		(\$1,289)		*	(1,289)	15,939	
Security Aid	12-495-034-5120-084	15,939	7/1/10	6/30/11	(1,302)			1,302								
Adjustment Aid	12-495-034-5120-085	105,318	7/1/11	6/30/12				96,801	(105,318)		(\$8,517)		*	(8,517)	105,318	
Adjustment Aid	11-495-034-5120-085	66,174	7/1/10	6/30/11	(5,406)			5,406								
Additional Non Public School Trans Costs	12-495-034-5120-014	1,566	7/1/11	6/30/12					(1,566)		(\$1,566)		*		1,566	
Additional Non Public School Trans Costs	11-495-034-5120-014	1,566	7/1/10	6/30/11	(2,436)			2,436								
On Behalf TPAF Non-Contributory Ins	12-495-034-5095-007	22,263	7/1/11	6/30/12				22,263	(22,263)				*		22,263	
On Behalf TPAF Post Retirement Med'l Con	12-495-034-5095-001	44,755	7/1/10	6/30/11				44,755	(44,755)				*		44,755	
Reimbursed TPAF Social Security Contr	12-495-034-5095-002	54,362	7/1/11	6/30/12				54,362	(54,362)				*		54,362	
Total General Fund						(66,817)			948,497	(950,137)		(\$68,457)			(66,891)	950,137
Special Revenue Fund:																
N.J. Nonpublic Aid:																
N.J. Nonpublic Textbook Aid	12-100-034-5120-064	6,452	7/1/11	6/30/12				\$6,452	(6,287)				\$165 *		6,287	
Nursing Aid	12-100-034-5120-070	9,216	7/1/11	6/30/12				9,216	(9,216)				*		9,216	
Chapter 192: Auxiliary Services																
Compensatory Education	11-100-034-5120-067	12,559	7/1/10	6/30/11		\$7,535				(\$7,535)						
Compensatory Education	12-100-034-5120-067	10,397	7/1/11	6/30/12				10,397	(9,895)	(502)			*		9,895	
Transportation	12-100-034-5120-068	1,386	7/1/11	6/30/12				1,386	(1,386)				*		1,386	
Chapter 193: Handicapped Services																
Corrective Speech	11-100-034-5120-066	4,694	7/1/10	6/30/11		1,565				(1,565)						
Corrective Speech	12-100-034-5120-066	5,213	7/1/11	6/30/12				5,213	(5,213)				*		5,213	
Examination and Classification	11-100-034-5120-066	2,395	7/1/10	6/30/11		640				(640)						
Examination and Classification	12-100-034-5120-066	2,576	7/1/11	6/30/12				2,576	(1,448)			\$1,128 *			1,448	
Supplemental Instruction	11-100-034-5120-066	2,085	7/1/10	6/30/11		765				(765)						
Supplemental Instruction	12-100-034-5120-066	702	7/1/11	6/30/12				702	(702)				*		702	
Character Education	07-495-034-5120-053	16,000	7/1/06	6/30/07	7,771							\$7,771				
Total Special Revenue Fund						7,771	10,505		35,942	(34,147)	(11,007)		7,771	1,293		34,147
Capital Projects Fund:																
EFCFA Grant	5070-050-09-1001	321,936	4/26/09	Closing	(8,997)						(8,997)					202,531
State Department of Agriculture																
Enterprise Fund:																
State School Lunch Program	11-100-010-3350-023	645	7/1/10	6/30/11	(47)			47								
State School Lunch Program	12-100-010-3350-023	546	7/1/11	6/30/12				530	(546)		(16)		*			546
Total Enterprise Fund						(47)		577	(546)		(16)					546
Total State Financial Assistance						(\$68,090)	\$10,505	\$985,016	(984,830)	(\$11,007)	(\$77,470)	\$7,771	\$1,293	(\$66,891)	\$1,187,361	

See accompanying notes to schedules of financial assistance

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2012

NOTE 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Stow Creek Township School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A.*, 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund, where applicable, also recognizes the one or more state aid June payments in the current budget year, consistent with *N.J.S.A.* 18A:22-4.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$2,210 for the general fund and \$0 for the special revenue fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE

JUNE 30, 2012
(Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 17,096	\$ 947,927	\$ 965,023
Special Revenue Fund	137,691	34,147	171,838
Food Service Fund	<u>20,974</u>	<u>546</u>	<u>21,520</u>
 Total Financial Assistance	 \$ <u>175,761</u>	 \$ <u>982,620</u>	 \$ <u>1,158,381</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5: FEDERAL AND STATE LOANS OUTSTANDING

The Stow Creek School District had no federal or state loan balances outstanding at June 30, 2012.

NOTE 6: OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions, if any, represents the amount paid by the state on behalf of the district for the year ended June 30, 2012. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2012.

NOTE 7: MAJOR PROGRAM

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

NOTE 8: SCHOOL-WIDE PROGRAM FUNDS

As the District's Federal Programs are on a targeted student group basis, there are no schoolwide programs in the District.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- 1) Material weakness (es) identified? _____ yes X no
- 2) Significant deficiencies identified? _____ yes X none reported

Noncompliance material to basic financial statements noted? _____ yes X no

Federal Awards **N/A**

Internal control over major programs:

- 1) Material weakness (es) identified? _____ yes _____ no
- 2) Significant deficiencies identified? _____ yes _____ none reported

Type of auditor's report issued on compliance for major programs:

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? _____ yes _____ no

CFDA Number(s) Name of Federal Program or Cluster

No Major Federal Programs

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000.00

Auditee qualified as low-risk auditee? X yes _____ no

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(continued)**

Section II - Financial Statement Findings

Finding: NONE

Criteria or specific requirement:

Condition:

Context:

Effect:

Cause:

Recommendation:

Management's response:

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012 (continued)**

**Section III - Federal Awards and State Financial Assistance
Findings and Questioned Costs**

FEDERAL AWARDS

Finding: NONE

Information on the state program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Effect:

Cause:

Recommendation:

Management's response:

STATE FINANCIAL ASSISTANCE

Finding: NONE

Information on the state program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Management's response:

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT**

This section identifies the status of prior - year findings related to the basic financial statements and Federal and State awards that are required to be reported in accordance with Chapter 6.12 Government Auditing Standards, US OMB Circular A-133 (Section .315 (a)(b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR - YEAR FINDINGS

NONE